

Israel Imposes Austerity

Peres Cuts Subsidies; Protest Strike Set

By Edward Walsh
Washington Post Service

JERUSALEM — After a 24-hour meeting, the Israeli Cabinet declared a state of economic emergency Monday and imposed a new series of austerity measures. Among the changes were a currency devaluation of 18.8 percent, sharp cuts in government subsidies of basic commodities, and a three-month freeze of wages and prices.

The Histadrut, the national trade union federation, reacted by calling a 24-hour general strike beginning at 6 A.M. Tuesday.

Emerging bleary-eyed from a meeting that began Sunday morning, Prime Minister Shimon Peres said Monday that Israel risked "total collapse" if it did not act to stem its economic and financial decline.

"The cuts on which we have decided are very difficult, the measures we have taken are very harsh," Mr. Peres said on the state radio.

"But we didn't have time," he said. "Insofar as I understand the situation in the economy, the decisions were made at the last possible minute."

Yisrael Kessar, the Histadrut secretary-general and a member of the Knesset from the Labor Party of Mr. Peres, said that some of the measures were illegal and that they would mean a one-third reduction in real income for Israeli workers over the next three months.

Cuts in government subsidies for such items as milk, bread, poultry and frozen meat went into effect Monday morning, bringing immediate price increases that ranged from 45 to 75 percent. The price of gasoline rose by 27 percent. The government authorized a 17-percent increase in the price of goods that are not subsidized.

The austerity program includes a \$750-million cut in the government budget, to be achieved through cuts in government activities and social service payments, a 3-percent reduction in public service jobs and higher taxes.

Because of the devaluation of the shekel, the currency's exchange rate value dropped from 1,262 to \$1,500 to \$1. Banks were open Monday, but Israeli radio reported many were refusing to handle dollar transactions. The Tel Aviv stock exchange was closed for the second day in a row.

The government voted to provide some compensation to workers for the immediate price rises and subsidy cuts, but there will be no cost of living payments beyond that during the three-month economic emergency. There were predictions that the consumer price index might rise by 25 percent in July alone because of the price increases.

After the price rises are implemented, the price index is expected to rise by 25 percent in July alone because of the price increases.

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Robert Brown, of Stow, Mass., shows his joy at being reunited Thursday with his wife, Jill, and daughter, Melissa. They greeted each other at the U.S. base in Wiesbaden.

Madrid Bomb Kills One, Injures 28; Link Is Seen to Beirut Hostage Release

By Edward Schumacher
New York Times Service

MADRID — One woman was killed and at least 28 persons were injured Monday in attacks on the Madrid offices of British Airways and Alia, Jordan's national airline. Spanish officials said that the attacks could be connected with the release in Beirut on Sunday of the 39 U.S. hostages who had been passengers on a hijacked Trans World Airlines plane. A TWA administrative office, marked by a prominent red and white sign, is one floor above the British Airways office.

Later, reports from Rome said that a bomb at Fiumicino Airport had injured at least two persons there Monday evening.

[The Associated Press quoted Italian police as saying that the bomb was in luggage due to be loaded on a flight to India. An Air India Boeing 747 crashed over the Atlantic last week, killing all 329 persons aboard. Investigators into that crash suspect sabotage.]

The dead woman and most of the injured in Madrid were in the main ticket office of British Airways when an explosion ripped out windows and started a fire that badly damaged the TWA office.

The main TWA ticket office, across a narrow side street, was undamaged.

Five minutes later and two blocks away, two men and a woman, according to police, sprayed the Alia ticket office with bullets and tossed in two hand grenades. The grenades failed to go off and were later detonated by police.

[In Beirut, a group calling itself "The Organization of the Oppressed" said it was responsible for the bombing in Madrid, Reuters reported. An anonymous caller told a news agency in Beirut that it was in response to a pledge by President Ronald Reagan last Friday to strike against terrorists.

[The Beirut caller said: "The bombing of the TWA office came as a direct reply to Ronald Reagan's threat that he would strike at terrorism. Let Reagan know that our hands will reach the whole world and we shall never remain silent after this."]

At least three persons were injured, none seriously, in the Alia attack, police said.

The U.S. Embassy said that a 17-year-old American girl, Bridget Liner, was slightly injured. Five others, however, were listed in critical condition by hospital officials. They were mainly Spaniards.

"The attacks could be related to the hijacking of the TWA plane in Lebanon," said Joaquin Leguina, president of the Madrid regional government.

"Even though the hijacking crisis has been resolved, we see again that terrorism has neither frontiers nor logic," he said.

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Israel Expected to Release 300; Freed U.S. Hostages 'Upbeat'

Bush Says U.S. Is Proud Of Captives

Compiled by Our Staff From Dispatches
WIESBADEN, West Germany — The 39 freed American hostages are an "upbeat group" and appear to be in excellent physical and mental condition after their release.

Syria apparently played a key role in persuading Nabih Berri to release hostages. Page 2.

from 17 days of captivity, a hospital spokesman said Monday. "They look extremely healthy both physically and mentally," said Colonel Charles K. Maffei, the commander of the U.S. Air Force hospital in Wiesbaden.

The Americans arrived in the hospital early this morning after they were flown to Frankfurt aboard a U.S. Air Force C-141B from Damascus.

The hostages were released by their Shiite captors Sunday afternoon in Beirut and driven to the Syrian capital, ending captivity that began when TWA Flight 847 was hijacked June 14 as it flew from Athens to Rome.

At the dawn arrival ceremony at Frankfurt's U.S. Rhein-Main Air Base, Vice President George Bush gave a heroes' welcome to the hostages, telling them they endured "this cruel and painful experience with courage."

"Through the days of your ordeal, Americans built a special place in their hearts for you, hoping, praying each day for a safe return. You are back and America did not compromise her principles to get you back."

Mr. Bush was joined there by an enthusiastic crowd of about 300 Americans from Frankfurt's large Jewish community, gathered under banners saying "Welcome Home."

In a carnival mood even after an all-night vigil, the crowd shouted, sang "God Bless America," clapped, and waved U.S. flags and banners as the plane landed.

In a television interview, Mr. Bush voiced "some concern" about comments from the former hostage.

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Peter W. Hill, of Hoffman Estates, Illinois, raised his arms in celebration Monday as he and the other 38 freed hostages arrived at the U.S. military base in Wiesbaden.

U.S. to Fight Terrorists, Reagan Warns in Speech

By Bernard Weinraub
New York Times Service

WASHINGTON — President Ronald Reagan welcomed the release of the American hostages Sunday but said the United States "will not rest until justice is done" in Beirut as well as El Salvador.

"Terrorists be on notice," Mr. Reagan said in a televised speech from the White House. "We will fight back against you in Lebanon and elsewhere. We will fight back against your cowardly attacks on American citizens and property."

A ranking administration official, who asked not to be identified, seemed to indicate that the United States had ruled out retaliation against the Lebanese Shiites responsible for the hijacking.

The hijackers seized Trans World Airlines Flight 847 on June 14, taking the hostages and later killing one, a navy diver named Robert Dean Stethem.

It was not clear from Mr. Reagan's strong words about hijackers and terrorists whether he was hinting at the possibility that the United States would retaliate militarily for the Beirut hostage crisis.

Secretary of State George P. Shultz appeared in the White House briefing room shortly after Mr. Reagan spoke and emphasized what he said was the government's determination to respond to terrorism.

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He added that terrorist groups "would perhaps be a little surprised to know how much we are getting to know about them."

"We want to find who in particular beat and shot Robert Stethem," Mr. Shultz said.

Although Mr. Reagan termed the release of the 39 hostages "a moment of joy," he added, "this is no moment for celebration."

Speaking sternly, he said: "Let it be clearly understood that the seven Americans still held captive in Lebanon must be released, along with other innocent hostages from other countries; that the murderers of Robert Stethem and of our marines and civilians in El Salvador must be held accountable; that those responsible for terrorist acts throughout the world must be taken on by civilized nations."

Six of the missing Americans to which Mr. Reagan referred are known to have been abducted by Moslem militants in Lebanon, including members of a group known as Islamic Jihad. The seventh American, a 60-year-old librarian at the American University of Beirut, is officially listed as missing. No group has claimed responsibility for kidnapping him.

Four Frenchmen, two of them diplomats, are also being held. Mr. Reagan said, "We call upon those who helped secure the release (Continued on Page 2, Col. 1)

Radio Says Release Was Set Earlier

The Associated Press
JERUSALEM — The Israeli Cabinet decided Monday to release 300 Lebanese prisoners within 48 hours, Israel Radio said.

The reported move came one day after the release of 39 Americans held hostage for 17 days by gunmen demanding freedom for 735 Lebanese, mostly Shiite Moslems, being held in Israel.

A release of 300 prisoners had been approved before the June 14 hijacking of the Trans World Airlines jet and had been scheduled for July 5, the radio said.

The cabinet ministers decided to release the prisoners "in the shortest possible time" that is, "in the next day or two," Israel Radio said.

Defense Minister Yitzhak Rabin, asked if a decision had been made during the one-hour cabinet session, said "of course," but declined to elaborate. A cabinet spokesman, Yossi Beilin, and all other ministers refused to comment on the meeting.

Prime Minister Shimon Peres praised President Ronald Reagan's response to the holding of the Americans and said Monday that he was happy that the 39 hostages have been delivered safely from the "uncertain land of Lebanon."

The Jerusalem Post, quoting an unidentified source, said that about 300 Lebanese prisoners would be released soon from the Altit Prison in northern Israel and that the rest probably would be freed within 10 to 14 days.

Israeli officials denied that any deal had been struck with the United States concerning the release of the American hostages and the Lebanese prisoners.

While the hostages were being held, Israeli officials complained of quiet pressure from the United States to release the Lebanese prisoners and expressed concern about U.S. opinion polls that showed an erosion of support for Israel.

Asked if he thought Israel would free the Lebanese now that the American hostages have been released, Education Minister Yitzhak Navon said, "I suppose so."

On Monday, Mr. Peres landed the Reagan administration, saying: "We admire the way the American administration and the American president handled this very, very complicated matter."

Another official, who declined to be identified, said that the Israeli government was disappointed that Syria had achieved "a public relations victory" for its role in ending the crisis.

"It is very unfortunate," the official said, "that right now Syria is being portrayed as a power that cut short this ordeal, when certainly Syria could have stopped it to begin with, or at least have cut it shorter."

U.S. Court Rules Exxon Must Refund \$2 Billion

Compiled by Our Staff From Dispatches
WASHINGTON — A U.S. federal court ruled Monday that Exxon Corp. had overpaid crude oil from a Texas field and ordered the company to pay nearly \$2 billion in refunds and interest on the overcharges.

The Temporary Emergency Court of Appeals, appointed to resolve disputes over federal price controls that existed during the 1970s, ruled that Exxon had overcharged its customers \$895.5 million between 1975 and 1981 by improperly classifying "old" oil from its Hawkins Field as "new" oil.

A three-judge panel of the court upheld a U.S. district court ruling of March 1983 that the company had "unjustly reaped huge profits" by interpreting the provisions of the Emergency Petroleum Allocation Act "to Exxon's advantage."

The refund is the biggest ever awarded under the 1973 law, which set up a two-tier system of federal price controls on domestic oil production when the Arab oil embargo sent international oil prices from \$3 to \$13 a barrel.

The Department of Energy has estimated that Exxon and most of the other U.S. oil companies overcharged consumers by as much as \$10 billion under the law. President Ronald Reagan removed price controls on oil eight days after taking office in 1981.

William D. Smith, a spokesman for Exxon, said the judgment was thought to be the largest against a single defendant in U.S. history.

When the U.S. district court ruled against Exxon in the case in 1983, it was estimated that Exxon's liability with interest had grown to more than \$1.6 billion. By now it is

estimated that its liability is about \$1.9 billion with interest.

Attorneys for the company, speaking on the condition that they not be identified, said Exxon planned to ask the Supreme Court to order a jury trial in the case.

"Basically, we want our day in court," said one attorney. "This case was conducted with no trial whatsoever. We think it is unsatisfactory for a judge or judges to decide every issue."

Exxon owns about two-thirds of the dwindling oil production from the 10,000-acre (4,036-hectare) Hawkins Field near Tyler, Texas. Exxon also may seek in court to share the cost of the judgment with minority partners in the venture, the attorney said.

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Those minority partners include other large oil companies such as Texaco, Amoco, Conoco, Sun and Mobil and about 2,000 royalty owners.

The court of appeals, in its decision Monday, rejected Exxon's claim that it complied or made an effort to comply with U.S. oil price regulations.

While Exxon did not own all of the production at Hawkins, one of the largest oil fields in the United States, the court found it was responsible for the violation because it was the operator of the field.

The court ruled that the overcharged money plus interest should be paid to the U.S. Treasury to be distributed to state governments.

The three appeals court justices agreed in finding Exxon liable for the overcharge violations, but one disagreed with the other two on how repayment should be made.

(AP, Reuters)

A bomb at the Madrid offices of Trans World Airlines and British Airways killed one person and injured 28 Monday. Gunmen also fired on the office of Jordan's Alia airline

Romanov Removed From Soviet Posts

By Dusko Doder
Washington Post Service

MOSCOW — Grigori V. Romanov, one of the senior figures in the Soviet leadership and long regarded as a rival to Mikhail S. Gorbachev, the Soviet leader, was removed Monday from all his posts.

The shake-up clearly underscored Mr. Gorbachev's dominant position in the leadership. An official announcement said that Mr. Romanov, 62, was relieved of his membership in the ruling 13-man Politburo and also of his post as secretary of the Communist Party Central Committee "in connection with retirement on health grounds."

The announcement, which was distributed by Tass, the government news agency, said that the Central Committee had acted at Mr. Romanov's request.

There have been persistent rumors in recent weeks that Mr. Ro-

manov had come under a cloud and that his political future was uncertain. According to one version, which could not be verified, Mr. Romanov had sought to block the election of Mr. Gorbachev, 54, to succeed Konstantin U. Chernenko in March.

When Mr. Chernenko died in March, only Mr. Gorbachev and Mr. Romanov were both Politburo members and secretaries of the Central Committee, a combination of jobs required for anyone aspiring to become general secretary of the party, the No. 1 political position.

The Central Committee, meeting on the eve of a biannual session of the Supreme Soviet, the nominal parliament, elected Eduard A. Shevardnadze, 57, to full Politburo membership.

Mr. Shevardnadze, who formerly held the post of alternate, or non-voting, Politburo member, is the

Communist Party leader of Soviet Georgia. Before taking that job in 1972, Mr. Shevardnadze had served for eight years as Gorbachev's minister of interior and held the rank of three-star police general.

The Central Committee also elected two new members of the Secretariat, the party's second most influential body. They are Lev N. Zaikov, 61, the Communist Party leader in Leningrad, and Boris N. Yeltsin, 54, the party chief of the Sverdlovsk region, one of the main centers of the Soviet military industry.

The election of Mr. Zaikov and Mr. Yeltsin brings to 10 the number of secretaries. Mr. Gorbachev, as party general secretary, runs both the Secretariat and the Politburo.

Mr. Romanov's removal was likely to be seen throughout the party bureaucracy as an ominous

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■ Spending on construction in the United States increased by \$5.2 billion, or about 1.5 percent, in May. Page 7.

■ Lufthansa, in its second major purchase of aircraft in two days, has placed orders for 10 Boeing 737-300s. Page 8.

■ The U.S. House is adopting a tougher line on military and foreign policy issues.

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Assad Role, U.S. Threats Cited in Hostage Release

In a Diplomatic Ballet, Amal Leader Finally Yielded to Mounting Pressure

By Don Oberdorfer
Washington Post Service

WASHINGTON — The critical moment in the diplomatic ballet that ended Sunday in freedom for 39 American hostages occurred sometime late Tuesday or early Wednesday, when the Shiite Moslem leader Nabih Berri changed his mind.

Up to then, Mr. Berri seemed disinclined to accept any formula for ending the hijacking that did not include the prior release of more than 700 Lebanese, most of

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them Shiites. But Wednesday morning in Beirut, according to U.S. and foreign sources, Mr. Berri suddenly was much more flexible.

A White House official involved in the talks credited the breakthrough to a variety of pressures on Mr. Berri, including the threats Tuesday from President Ronald Reagan to close down Beirut airport and take other reprisals.

Other sources emphasized the role of President Hafez al-Assad of Syria. American officials believe Mr. Assad secretly summoned Mr. Berri to Damascus last Tuesday and strongly encouraged him to find a way out.

The diplomacy that finally won freedom for the U.S. hostages involved U.S. contacts with traditional foes such as Iran and the Soviet Union as well as friends such as Israel, Algeria, Saudi Arabia, France and Switzerland.

In the end, the key player was Syria, which is seen most often as a foe by the Reagan administration.

Mr. Assad, who two years ago played a crucial role in forcing the United States out of Lebanon, used his considerable power there to help the United States. And he discovered a common interest with the United States, and even with Israel — to prop up Mr. Berri, leader of the moderate Amal militia, against more radical Shiites backed by Iran.

When the release of the Americans was unexpectedly jeopardized Saturday by the refusal of Hezbollah, a radical Shiite faction, to accept the agreement worked out by Mr. Assad and Mr. Berri, Mr. Assad reportedly sent his chief of intelligence for Lebanon, Colonel Ghazi Kanaan, to Hezbollah leaders for some blunt persuasion.

Damascus also suggested a public statement from Washington, vaguely disavowing any U.S. interest in destabilizing Lebanon, that made acceptance of the arrangement more palatable to Hezbollah.

U.S. diplomacy first centered on Algeria. The White House made fervent pleas to Algiers that the

TWA jet be allowed to land in Algeria and denied permission to take off again. The Algerians did allow the plane to land twice, but each time permitted it to depart at the hijackers' demand.

The Reagan administration considered using force to keep the plane in Algeria, but ruled out such action as posing a serious threat to relations with Algeria.

By June 16, when the jet landed for the final time at Beirut airport, both the Amal and Hezbollah factions had armed men on board. An explicit deal was made between the groups, according to U.S. officials, that Mr. Berri would take control of the situation and that hostages would not be harmed, but that the Americans would not be released without obtaining freedom for the Shiites and other Lebanese held by Israel.

Mr. Reagan first discussed the situation with his national security advisers that Sunday. Perhaps the key decision made then was that the United States would not arrange any deal to swap Israel's prisoners for the American hostages. Secretary of State George P. Shultz insisted that giving in to terrorist demands would leave other Americans vulnerable.

The administration faced a difficult task. Mr. Berri and the original hijackers had to be convinced that their demand for prior release of the Lebanese prisoners could not be met.

At the same time, the administration did not discourage the possibility that when the Americans were freed, the Lebanese could be released by Israel. But the link, to protect the U.S. position on concessions, could not be explicit.

"Assad came to understand the U.S. position on this point," said a diplomat. Mr. Assad also "understood," the diplomat said, that the United States would press for early release of the Shiite prisoners.

The discussions with Israel were delicate and at times difficult. Washington wanted Israel to be ready to release the Shiite prisoners, as Israeli authorities had promised they would. And despite its public stance on linkage, the administration permitted, and even encouraged, the buildup of public pressure for Israel to make the release once the hostages were freed.

In the end, neither Mr. Assad nor the Israelis seemed prepared to let Mr. Berri, whom they regard as an important ally, fall on his face. Mr. Assad offered Mr. Berri a way out: He would give assurances that the Israelis would release their prisoners; and he had the power to enforce a compromise on Mr. Berri's Hezbollah rivals. It became an offer Mr. Berri could not refuse.

Reagan Warns Terrorists

(Continued from Page 1)

of the TWA passengers to show even greater energy and commitment to secure the release of all others held captive in Lebanon. And we call upon the world community to strengthen its cooperation to stamp out this ugly, vicious evil."

Mr. Reagan made his comments shortly after the 39 Americans held hostage in Beirut for 17 days, left Damascus aboard a U.S. military C-141 cargo plane en route to the American Rhein-Main Air Base near Frankfurt.

Larry Speakes, the White House spokesman, said that the United States had made "no guarantees, no concessions, no deals" with the Moslem Shiites or any other Middle East nations to secure the release of the hostages.

Just before his speech, Mr. Reagan placed a telephone call to the C-141 carrying the former hostages, a White House official said, and asked the crew to tell the passengers of his concern for them.

Mr. Shultz, discussing American efforts to combat terrorism, said that 15 percent of the hijackings outside the United States in the last 15 years had either originated, ended or gone through the Beirut airport.

"The Beirut airport has become a kind of safe haven for terrorists," he said, and the world community should consider not using it.

Iranian Connection Seen

Mr. Shultz said Monday that Iran "clearly had connections with the people" who hijacked Flight 847, and that he believed that President Hafez al-Assad of Syria was working to free the remaining hos-

tages in Lebanon, United Press International reported from Washington.

Mr. Shultz said that U.S. relations with Israel were "stronger than ever" following the hostage incident, and suggested that U.S. relations with Syria had improved.

In another TV interview, Robert C. McFarlane, national security adviser to Mr. Reagan, said there were "two or three strategic locations in the Middle East" that might be targets of U.S. action. The Associated Press reported from Washington. He did not pinpoint any sites.

He said the purpose "has to be not to conduct a random act of vengeance but instead to focus our power on dealing with the root sources of terrorism. Where people are trained, where they are housed, fed, sustained over time."

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Vice President George Bush, left, shook hands at Rhein-Main Air Base in Frankfurt on Thursday with Dr. Richard Moon, of Asheville, North Carolina. Between them is another of the freed American hostages, the Reverend James McLoughlin, of Geneva, Illinois.

Ex-Hostages Reported in Good Health

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tages that they felt sympathy for their captors.

"I'm inclined in a situation like this to be somewhat on the forgiving side," the vice president said. "Now there's time to debrief and sort it out, but there was a common bond or two that caused me some concern."

He also said he was heading a task force on international cooperation to thwart terrorism and that it would study the question of retaliation.

After a 30-mile (50 kilometer) bus trip to Wiesbaden, the former hostages were given another noisy welcome by applauding staff and patients lining the balconies of the hospital.

After a breakfast of ham, eggs, bacon, toast and pastries with their relatives and friends, the former hostages began undergoing medical checkups. Colonel Maffei told a news conference.

"I can tell you your spirits are very high," he said. "It was a very upbeat group this morning. They are in excellent mental and physical condition."

At least 62 relatives were believed to be staying with the former hostages inside the hospital.

Colonel Maffei said the first request of the former hostages was to call home on the special telephones set up in the facility.

"Our goal is to get a thorough medical evaluation completed within the next 24 hours," he said. Government debriefers were also on hand, Colonel Maffei said, adding that the hospital provided rooms for "officials from the U.S. to meet with the 39."

Colonel Maffei said the group appeared not to have the "same mental and physical problems displayed by the people held in Iran," referring to the hostages kept for 444 days after the seizure of the U.S. Embassy in Tehran in 1979.

The pilot of the plane that flew the former captives out of Damascus said they departed so quickly that they left more than half their luggage behind because of concern that Lebanese militiamen might menace the plane.

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Reagan Quips About Force to Free Hostages

(Continued from Page 1)

WASHINGTON — President Ronald Reagan quipped that, having seen a new movie about a Vietnam War veteran's battle to free American prisoners of war, he will "know what to do the next time" Americans are taken hostage.

While waiting Sunday to begin a radio address on the release of the American hostages held in Beirut, Mr. Reagan said, "After seeing 'Rambo' last night, I know what to do the next time this happens."

"Rambo: First Blood Part II," stars Sylvester Stallone as a Vietnam veteran who rescues American prisoners of war held in Southeast Asia.

Mr. Reagan was chatting with technicians when he made the comment.

Major Leroy Edwards Jr. said on arrival in Frankfurt that U.S. officials were worried that militiamen who had accompanied the "hostages' automobile convoy through to Damascus from Beirut might try to approach the canceled American C-141 Starliner military transport.

"We did not want them to come to the aircraft," Major Edwards said. "We weren't sure the Syrians would be able to control them. It was a rushed take-off."

(AP, UPI, Reuters)

Flight Attendant Praised

Ull Derickson, the senior flight attendant on hijacked TWA flight 847 who was mistakenly criticized for her role in the ordeal, was praised as a "very special person" by several of the newly freed hostages at a news conference before they left Damascus, The Associated Press reported.

Miss Derickson, who communicated with the hijackers in German in the early stages of the June 14 hijacking, was erroneously charged in the Israeli Knesset and elsewhere with helping the gunmen identify passengers with Jewish-sounding last names.

Allan Conwell, a hostage spokesman, said he believed Miss Derickson saved several lives.

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Austerity For Israel

(Continued from Page 1)

mented, the emergency program calls for a three-month wage and price freeze.

This was the third time in less than a year that the national unity government has announced a new economic program.

When the government took power in September, inflation was running at an annual rate of more than 1,000 percent. It immediately imposed a wage and price freeze, which later expired; cut government subsidies; and pledged to reduce the government budget by \$1 billion.

But the budget cuts were not fully implemented. The government continued to pump money into the economy to cover its deficit. Through the first five months of 1985, the consumer price index has risen by 70 percent, not significantly less than the inflation rate in early 1984 when there were no government controls.

One reason the budget has not been cut sharply is that government workers would lose their jobs, leading to a sharp rise in unemployment. Israeli officials fear that large-scale unemployment would dry up immigration to Israel and could set off an exodus from the country.

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Poland Ups Meat Prices; Protest Call Little Heeded

United Press International

WARSAW — Increases in meat prices and a strict new law against illegal protests took effect in Poland on Monday. There was no evidence of a widespread response to a call by the Solidarity movement for a brief strike protesting the price rises.

Independent sources in the port of Gdansk said that about 80 percent to 90 percent of the 12,000 workers at the Lenin Shipyard stopped work for an hour.

But a government spokesman said there was no stoppage at the yard where Solidarity was founded, or anywhere else in Poland.

"No signal was received by noon about a single protest in the country," the spokesman said.

The banned Solidarity trade union movement had called for a brief strike to protest a 15-percent increase in the price of meat.

Lech Walesa, the founder of Solidarity, who was an electrician at the Gdansk shipyard, had backed the calls for a protest.

"I can only say that I am very satisfied about the stance of the shipyard workers and I am sure that Solidarity's ideals will win," Mr. Walesa said in a statement.

A group of 30 retired persons began a hunger strike at St. Jacob's church in Gdansk to protest the food price increases and government actions against Solidarity.

The new law against protests imposes jail sentences of up to two years for people convicted of participating in illegal gatherings or disregarding warnings by police to disperse. Previously the maximum sentence for such offenses was three months.

The increases in meat prices came at a time of inflation

U.S. Republicans, Victorious and Confident, Have a Dream: To Be Majority Party

By David S. Broder
New York Times Service

ATLANTA — Leaders of the Republican Party, which is flush with cash and confidence, are moving to exploit what many of them consider a historic opportunity to become the majority party.

But they concede that this opportunity is threatened by possible

NEWS ANALYSIS

problems with the economy and a fight, already starting, for the succession to Ronald Reagan.

A contrast in mood last week between the meetings of the Republican National Committee here and the Democratic National Committee in Washington was as great as the gap in last year's presidential results.

Amid a revival-meeting atmosphere in an ultramodern skyscraper hotel, Republicans welcomed into their midst a Louisiana legislator who resigned as a member of the Democratic National Committee early last week, and six present and former Georgia officials who switched from the Democrats.

"A Republican tidal wave is sweeping the nation," said Frank J. Fabrikopf Jr., the party chairman.

In their far less glamorous Washington hotel ballroom, Democrats dismissed the prominent party-switchers in Texas, Michigan, Massachusetts, North Caroli-

Conservative Unit Faces Debts as Donations Drop

By Thomas B. Edsall
Washington Post Service

WASHINGTON — The National Conservative Political Action Committee, once the leader among rightist political action committees, is deeply in debt at a time when the cash flow to conservative organizations has slowed to a trickle.

According to the most recent reports filed with the Federal Election Commission, the committee, known as NCPAC, was \$4.2 million in debt at the first of the year, with the largest debts owed to Richard A. Viguerie's direct-mail company (\$1.44 million) and to Response Graphics of Cleveland (\$1.78 million).

Also, two studies say that the committee, which has said that it spent more than \$10

million on President Ronald Reagan's 1984 re-election campaign, apparently spent most of the money on millions of letters using Mr. Reagan's name to raise funds for NCPAC itself.

A study by Michael Malbin of the \$10.1 million spent by the committee on the 1984 presidential race showed that 85 percent of the cash was used for "mail services and printing" while only 8 percent went to advertising and other expenditures.

Mr. Malbin, resident fellow at the American Enterprise Institute, wrote that papers filed with the election committee by NCPAC and another conservative group, RuffPAC, "look suspiciously like two PACs using Reagan's name for their own fund-raising and then reporting the activity as an independent expenditure."

Ronald Brownstein of the National Journal reported that NCPAC had sent out 28 million letters through the Viguerie company, many of which read: "Do you want President Reagan to be re-elected? ... A \$15 contribution will let us mail over 42 letters to voters." A contribution of \$25, it said, "will pay for air time to run one radio advertisement," while \$500 "will cover the full production costs of a 30-second commercial."

Instead, Mr. Brownstein said, the cash "was earmarked solely for additional mailings in search of further new donors." Mr. Brownstein quoted Lief E. Noren, NCPAC's executive director and treasurer, as acknowledging "that particular section" of the organization's mailing was "misleading."

contests, is the gap between the parties at the state level.

In New Jersey, the site of one of this year's key gubernatorial and legislative contests, the Republicans' state committee has a budget of more than \$2 million, is free of debt and has an 11-member staff, including five field organizers.

The state Democrats hope to raise \$1 million, but they have a \$550,000 debt and a staff of an executive director and a secretary.

In the newest Washington Post-ABC News Poll of 1,506 voters, completed about two weeks ago, 48 percent said they considered themselves Democrats or leaned to the Democrats; 45 percent were Republicans or leaned to that party.

This is not the first time that Republicans have almost drawn abreast in that basic measure of party identification. They did so in 1981, after Mr. Reagan's first victory, then saw the converts become disaffected during the recession.

It was evident at the Republican National Committee meeting that party leaders were feeling the pressure of the search for a successor.

The Texas Republican chairman, George W. Strake, a Houston neighbor of Vice President George Bush but a philosophical ally of Representative Jack Kemp, a New York Republican, said: "I don't want to face that choice. After '86, I'm tempted to take a two-year hunting trip to Alaska."

Peter J. Secchia, Republican National Committee member from Michigan, said that the recent Midwest Republican conference, which brought Mr. Bush, Mr. Kemp, Robert J. Dole, the Senate majority leader, and Pierre S. du Pont 4th, a former Delaware governor, to

Grand Rapids, "got people thinking so much about the 1988 fight they've forgotten we have a governor's race next year."

"It seems," Mr. Secchia added, "whenever things are going well for us, we just can't wait to start tearing each other apart."

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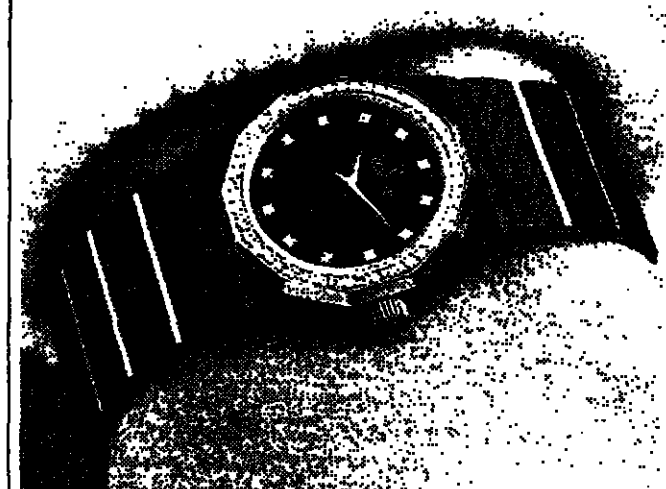
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U.S. Bars Public Aid to Religious Schools

United Press International

WASHINGTON — The Supreme Court ruled Monday in two cases that having public school teachers give special classes at religious schools violated the constitution's requirement of separation of church and state.

The rulings, both 5-4 divisions of the justices, are the latest in a series of high court decisions on the subject, and in each case represented a defeat for the Reagan administration.

One case involved a state-funded program in Grand Rapids, Michigan, that sends public school teachers into private religious schools for remedial and enrichment classes. The other concerned the use of federal funds to provide remedial instruction to disadvantaged youngsters who attend religious schools in New York City.

In both programs, school authorities covered or removed all religious symbols from the walls of classrooms in the religious schools, and in Grand Rapids signs reading "public school" were posted.

Writing for the majority in the Grand Rapids case, Justice William Brennan said the program overstepped the constitutional line between allowable governmental accommodation of religion and direct financial aid.

"The symbolic union of church and state inherent in the provision of secular, state-provided instruction in the religious school buildings threatens to convey a message of state support for religion to students and to general public," the court said.

In the New York case, the majority held that although the U.S. program promotes worthy goals, the

sending of public teachers to private schools raises the specter of governmental involvement with religion.

The twin school rulings were at odds with the Reagan administration's views. Federal lawyers argued in both cases that outlawing public money in religious schools could hinder the education of students in low areas.

Under the "shared time" program, the Grand Rapids public school system leased classrooms in religious schools to offer classes in math, reading, physical education, languages and art. The classes were attended solely by private students.

The community education program involved private schoolteachers who taught leisure activities, such as arts and crafts, on religious school property after regular school hours.

The court majority said that the community education program was unconstitutional because, "there is a substantial risk that, overtly or subtly, the religious message [teachers] are expected to convey during the regular school day will infuse the supposedly secular classes they teach after school."

"The 'shared time' program, although structured somewhat differently, also poses a substantial risk of state-sponsored indoctrination," the court said.

In a dissenting opinion in the New York City case, Chief Justice Warren E. Burger said: "Under the guise of protecting Americans from the evils of an established church such as those of the 18th century and earlier times, today's decision will deny countless schoolchildren desperately needed remedial teaching services."

U.S. Gun Shows Skirt the Laws on Selling Weapons

Restrictions on Felons, Automatic Weapons Are Found Easy to Circumvent

By Wayne King
New York Times Service

DALLAS — There were 50-caliber machine guns that require federal clearance to purchase, kits to make a 30-caliber Gatling gun that almost anyone could buy, and military-style assault weapons.

There were shotguns, rifles, handguns, crossbows, blowguns, kung fu throwing stars and fighting sticks, brass knuckles, 50,000-volt electric "stun guns," daggers, rapers, sabers, parts, plans, kits and books to convert semiautomatic weapons into machine guns.

Every year there are as many as a thousand gun shows across the United States, and they are veritable supermarkets of weapons. At the one sponsored by the Dallas Arms Collectors Association in late June, hundreds of dealers and private collectors filled 1,700 tables.

Such shows, which are growing in number and size across the country, are both a testament to the American fascination with weapons and the source of a growing concern for gun control advocates.

The shows are generally organized by gun clubs or others who zealously defend what they maintain is every American's constitutional right to keep and bear arms. As a result, dealers and private exhibitors maintain the most liberal interpretation of weapons laws.

So, at shows such as the one in Dallas, there are tables at which anyone who can legally buy a hunting rifle is permitted to purchase semiautomatic assault-style weapons like the military M-1 and M-16 rifles, or the M-16's civilian version, the AR-15. Nearby are other tables offering parts, plans, kits and manuals to convert these weapons to fully automatic machine guns.

A machine gun can be bought only by a person who has been fingerprinted and holds a permit in the form of a \$200 tax stamp issued by the U.S. Treasury Department. So anyone seeking to avoid buying the tax stamp, and being fingerprinted and letting it be known he has the gun, can do so by buying a semiautomatic weapon and the kit to convert it.

The federal government began to crack down this month on such illegal conversions by charging two companies in California and Georgia with conspiring to violate federal gun laws.

"We are alleging that one company manufactured some part, another the rest, and the parts were advertised and sold with the knowledge that they could and were in fact being illegally assembled," said Stephen E. Higgins, the director of the Treasury Department's Bureau of Alcohol, Tobacco and Firearms.

In that case, the allegations dealt specifically with parts to assemble firearms, but the bureau is also continuing its investigation into the manufacture and marketing of conversion kits to turn semiautomatic weapons into machine guns.

show, a conversion kit for a MAC-10 semiautomatic weapon, which is easily and often converted to a machine gun, was offered for \$75.

Another problem arising at gun shows, according to Art Agnos, a California assemblyman, is that exhibitors at such shows who are not dealers fall into the category of private collectors. People in that category can sell handguns and other weapons without requiring the purchaser to fill out the firearms form required for a purchase from a dealer.

At a gun show last month in Stockton, California, Mr. Agnos, paying in cash and without providing any identification, bought a .32-caliber Beretta automatic pistol identical to one that was used to shoot him in 1973, in a wave of random violence known as the Zebra attacks that included 14 murders and seven armed assaults.

While Mr. Agnos was buying

that weapon, another man, a convicted felon, used \$150 the assemblyman provided him to buy another automatic pistol at another table.

Neither man was asked to provide a driver's license or to provide any other form of identification.

It is illegal to sell a firearm to a convicted felon. In this case the buyer, who has served prison terms for armed robbery, possession of a sawed-off shotgun and assaulting a police officer, signed a false name to a statement that he had not been convicted of a crime, but he was not asked to provide proof of identity.

Mr. Agnos has introduced a bill that would require all handgun sales in California to be made through a dealer, with a mandatory 15-day waiting period and background check.

A companion bill would ban the sale, transfer or possession of any

semiautomatic "military assault weapons" such as the AR-15, the M-16 and similar weapons, including the semiautomatic Uzi, the Israeli assault weapon originally designed as a machine gun, which can be restored to that mode with conversion kits that are readily available.

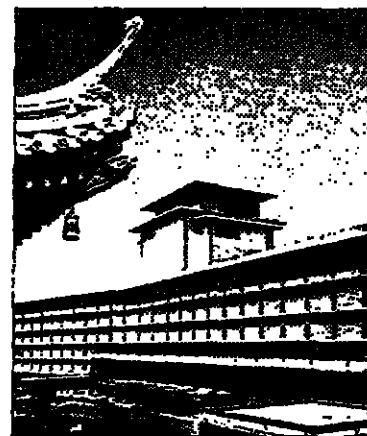
Such legislation is opposed by gun advocates. Their attitude toward such laws, and the aggressive attitude of weapons enthusiasts in general, is reflected in posters and T-shirts for sale at gun shows like the one in Dallas.

"Gun Control," says a T-shirt, "Is Being Able to Hit Your Target."

A poster warns, "If you are found here at night, you will be found here in the morning."

Another T-shirt urges, "Join the Marines. Travel to exotic, distant lands. Meet exciting, unusual people. And kill them."

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

A Europe-Wide Market?

The European Community's founding fathers, with a slightly Marxist interpretation of future history, maintained that it was through economic linkage that political unity would be approached, not vice versa. Of the two main economic proposals discussed at the summit in Milan, one is peripheral but the other central to Europe's future.

Can Europe keep up with America and Japan in high technology like communications and data processing, while the Third World moves forward in the traditional industries? Allegedly it cannot unless individual countries and firms join in cooperative research and development. Hence the suggestions for the Community to encourage joint research in selected high-tech areas, with the taxpayer helping to foot the bill.

The theory is that research and development is so costly — and the lead time before profits accrue is so long — that Europe's small and dispersed high-tech firms will fall behind unless they are linked from on high. Remembering Concorde, the beautiful but uneconomical white elephant, one can be suspicious of marriages arranged in heaven. Are governments likely to make better expenditure decisions than the market?

More fundamentally, why is Europe falling behind? Not for lack of research: It spends about as much on high-tech research as America, and the quality is excellent. The problem lies more in the practical application of results — the readiness of firms to risk money afterward. American and Japanese firms take the risks because their home markets are big enough to offer substantial

profits to the successful, enabling them subsequently to launch vigorous export drives.

Potentially, Europe has a large home market, too — scarcely smaller than America's and bigger than Japan's — but it is fragmented between individual nation states. It does not tempt firms to embark on capital expenditures in industries that could only be profitable on a continental scale. Trade across the continent is thwarted by a range of barriers. Where high tech is concerned, a main barrier is the insidious nationalism that governments pursue in their own purchasing policies. For in these industries the major consumer is either the government or a group of purchasers over whom governments have easy control, and the state usually ensures that purchases are made from firms within their own borders. So long as this persists, Europe's producers will be working within limited horizons, and limiting their ambitions accordingly.

Innovation depends on the general economic climate rather than on governmental gimmicks. That is why the second proposal considered at Milan last week is so important. If Europe could achieve real freedom for the movement of goods and services, one would no longer have to think up suspect intergovernmental schemes to encourage firms to innovate. It would happen automatically. The proposals of the EC Commission to make Europe a trading reality by 1992 constituted the most promising initiative at the summit. Five hundred years after Columbus sailed the Atlantic is none too soon.

INTERNATIONAL HERALD TRIBUNE

Elegant Lies, Harsh Truths

It took some elegant lies for Ronald Reagan, Nabih Berri, Shimon Peres and Hafez al-Assad to arrange the release of the 39 hijacked Americans from Beirut, but admiration for the four leaders' agility should not obscure the harsh truths that linger.

The leaders produced an agreement that Mr. Berri will hold up to Shiites as a prisoner exchange. They extracted the hostages in a way that President Reagan can forever call unconditional. They guaranteed Israel's release of its Lebanese prisoners in a way that Prime Minister Peres can call strictly voluntary. By receiving all these promissory notes, President Assad emerges as the main winner, with new recognition of his dominance over Lebanon.

This path out of the immediate crisis was pretty well marked from the moment Mr. Berri's Amal militia took charge of the hijacked plane. But, no matter how predictable, the end game was skillfully played by the principals. Leaving flexibility left while feigning rigidity to the right, all managed to appease conflicting impulses and constituencies.

Mr. Berri had to produce a ransom for release of the TWA crew and passengers, but he contrived to give up the first coin. President Reagan forswore "negotiation with terrorists" but he went quite a way toward meeting their terms. Prime Minister Peres vowed to yield his prisoners only if the United States openly requested it, but he was willing to respond to fairly obvious sign language. In the process, the leaders reaffirmed an old lesson: Generalities about rights and wrongs can define a conflict, but only the particulars of a situation

can resolve it. Lacking a military option, the United States had to rely on diplomacy, and in this case, double-talk was liberating.

But the drama of sentimental reunions should not obscure some painful truths.

One American passenger on the TWA plane was savagely murdered and his killers remain at large in Beirut. Seven Americans kidnapped from the streets of Beirut in the last 15 months remain the prisoners of shadowy groups in Lebanon. And all Lebanon lives in chaos.

The kidnapped Americans have been held for weeks and months by groups that seem to be beyond the easy reach of either Mr. Berri or Mr. Assad. They seek a ransom that America cannot and should not pay: the release of 17 Shiites who bombed the U.S. and French embassies in Kuwait last year. The path home for these Americans is by no means clear.

Meanwhile, four hijackers who killed two Americans aboard a Kuwaiti airliner in Tehran last December enjoy the protection of Iran. The mystery of a fatal bomb carried to Tokyo aboard a Canadian plane on June 23 has not been solved. Neither has the mysterious explosion that killed 329 people aboard an Air India flight to Europe. America's fitful efforts to punish Iran for protecting serial murderers seem to have been frustrated by other governments, who refuse to consider any effective boycott. Such indifference anywhere puts air travelers at risk everywhere.

The crisis, in short, is by no means ended. The hardest policy decisions lie ahead. Some things simply cannot be double-talked away.

— THE NEW YORK TIMES

Other Opinion

Europe Has No Time to Lose

The establishment of organic democratic relations among six European countries (the number has since doubled) had no historical precedent and remains unique. But the proof of motion is movement. Either Europe will become what it aspired to be at the start — that is, a genuine common market to support political and economic strength that can match the superpowers — or it will have to settle while it awaits its inevitable disruption, for being a mere agent (as in the case of steel, or farm prices) for sharing out the repercussions of its decline as a world power.

All the experience of these past few years shows that time lost on the international scene cannot be regained. Only by acting together can the countries of Europe escape decline. Eureka is a good thing, but not good enough. The "qualitative jump" that we hear so much about must come quickly.

— André Fontaine in Le Monde (Paris).

FROM OUR JULY 2 PAGES, 75 AND 50 YEARS AGO

1910: New Small Farms Get Backing

ST. LOUIS — That Mrs. Russell Sage, widow of the financier, has signified her intention of financially aiding the National Farm Homes Association, organized in St. Louis some two months ago for overcoming the acquisition of small farms, a possibility to men of limited means, was the statement credited (on June 20) to Mr. John H. Curn, State Immigration Commissioner. The National Farm Homes Association is organized to provide worthy men with forty-acre farms, to be sold on easy terms. These farms will be grouped around an occasional large one of 160 acres, operated by agricultural experts, whose instruction and advice will be at the service of the settlers. In this way it is planned to interest city people of small means who would be glad to make the change, but who know nothing of farming.

1935: Same Old Economic Advice

PARIS — The remedies for the depression, as embodied in the resolutions adopted by the International Chamber of Commerce, are as obvious as the evil itself. They have been proposed over and over again during the last years. Exchange stabilization, balancing of budgets, cutting of public expenditure, debt settlement and removal of trade restrictions are some of these remedies, whose efficacy no one doubts. By including them once more in its final resolution (on June 30), the International Chamber of Commerce set the seal of considered expert opinion upon a number of ideas. Previous experience, however, has shown that governments are not likely to respond with positive action to the resolutions of the Paris congress. The world economy will continue to jog along in the same irrational way as before.

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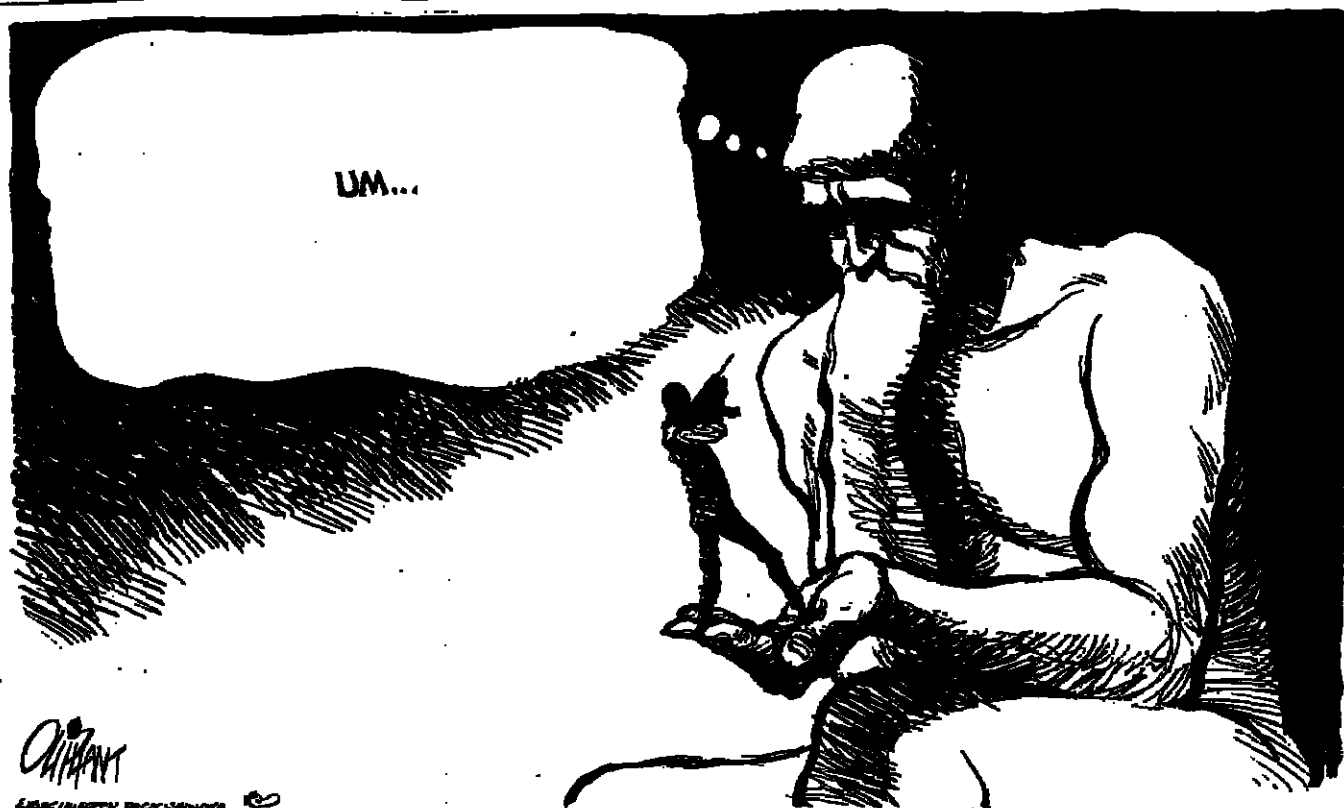
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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92200 Neuilly-sur-Seine, France. Tel.: (1) 747-1265. Telex: 612718 (Herald), Cables Herald Paris. ISSN: 0294-8052.

Directeur de la publication: Walter N. Thayer.

Printing: 24-34 Hennessy Rd., Hong Kong. Tel.: 285618. Telex: 61170.
Asia Headquarter: 24-34 Hennessy Rd., Hong Kong. Tel.: 285618. Telex: 61170.
Main Office: 150 West 43rd Street, New York, N.Y. 10018. Tel.: 212-512-2000.
S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61337.
U.S. subscription: \$322 yearly. Second-class postage paid at Long Island City, N.Y. 11101.
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Terrorism: The Tribal Disregard for Human Life

By Clinton Bailey

TEL AVIV — Hostage-taking and other forms of terrorism are sometimes called "the weak man's warfare." It might be more apt to define terrorism as "the barbarian's warfare." Civilized people recoil from using the term "barbarian" in an age of cultural relativism, but equating terrorism with barbarism — or tribalism — may help us understand how it works and how best to deal with it.

Consider the hijacking of TWA 847 by extremist Lebanese Shiites. Terrorism is not limited to Arab and Islamic countries, but much Middle Eastern terrorism can be traced to the tribalism that still colors the politics of that region.

Tribalism was the natural state of the desert-dwelling, nomadic Arabs before they settled more permanently in the early years of Islam, and it has never disappeared.

The nomad's fierce independence and ruthless concern for narrow interests are still apparent — and have meant that Middle Eastern governments are rarely able to function as ultimate authorities. In Arab states, as among nomads, personal security is often left to the private sector, with each person looking to himself or to his clan, tribe or religious community for basic protection.

To deter the aggression of others, groups responsible for their own security depend chiefly on a reputation for relentlessness in the pursuit of conflict. To the tribal mind, appearing to compromise is a sign of weakness.

In a society where reputation

means security, reputation takes precedence over all other values, including human life. Indeed, the parties in a tribal conflict do not view the casualties they sustain as losses but rather as gains: Their ability to suffer casualties and yet persist in the conflict promotes their reputation for relentlessness and is a main component of their strength.

In the endless, bloody civil war over redistribution of power in Lebanon, the sides have done everything except stop to ask themselves if their losses through war are not more than they could ever lose through compromise. The same is true of the Iran-Iraq war.

Even tribesmen, however, do not fight forever or in any circum-

stances. They wage their wars of attrition mainly when forces are balanced. In the face of overwhelming power, their sense of self-interest usually counsels quiescence.

When President Hafez el-Assad of Syria bombarded some 10,000 of his Sunni countrymen to death in Hama in 1982, Sunni religious militancy came to a halt.

Shiites have historically observed their religious commandment to deter to overwhelming power, particularly if the conflict threatened to diminish their numbers through fruitless casualties. If they have become militant in recent years, it is in Iran, where a militant Shiite rules, and in Lebanon, where no one rules.

In fighting the West, with its

seemingly overwhelming might, the Shiites have so far succeeded in wielding a weapon not found in the Western stockpile: the tribal disregard for human life. The Shiites themselves would never concede in similar circumstances, but they feel sure that the West will do anything — including how to Shiite demands — to save hostages. The Shiites also know that the West is reluctant to release hostages by military action and thereby possibly inflict death and destruction on innocent bystanders, even if they be Shiites.

The danger that terror poses to the West is the ancient challenge of tribal barbarism to civilization. If the West consistently capitulates to terrorist demands, Western civilization will suffer from demoralization; and if successive concessions to terrorism finally force the West to resort to brutality, that, too, will be the barbarians' gain.

Firmness from the outset is the only way to avert both of these dangerous paths. First and foremost, a Shiite-type patience is needed: The West must never hurry for a deal. This should be accompanied by a credible threat that, if hostages are harmed, punishment will ensue. Such a policy would show the Shiites and others that their weapon of inhumanity is a dud and that recklessness may cost them more than they think prudent to pay.

The writer lectures on Arab culture and history at Tel Aviv University. He contributed this comment to The New York Times.

— John Gittings in The Guardian (London).

Some Violence Is Less Widely Aired

TO HIJACK a civilian airliner and hold its passengers hostage is, for most of us, a wholly unacceptable face of violence. Added to the unacknowledged trauma of flying, it conjures up a nightmare where all normality is suspended. We can too easily imagine ourselves there. But the nightmare of violence for the great majority of the world's population assumes a very different form. It may be the arrival of soldiers in one's village, or the destruction of one's home by an unexploded bomb, or being taken away by police on the word of an informer and locked up in a notorious camp to suffer torture. Such experiences have been part of the Shiite share of violence in recent years.

The violence on the Beirut runway was, thanks to modern technology, unequivocal. For the first time in such incidents, Western media could even copy a tape which recorded the suffering of an innocent passenger being beaten before his death. The evidence of violence in southern Lebanon has, of course, never been so electronically evident.

— John Gittings in The Guardian (London).

When It Suits Them, Spatting Powers Can Agree

By Flora Lewis

GENEVA — In the midst of renewed stridency between Moscow and Washington, the two have managed to agree on how to face the possibility of nuclear terrorism. And Vice President George Bush told a conference in Geneva on Saturday that there is a search for a Soviet-U.S. "consensus that terrorists who use or threaten to use nuclear weapons be dealt with jointly and swiftly."

Terrorism is increasing and so is the danger of involving a nuclear weapon. America and Russia accept their common interest in not letting someone else trigger a catastrophe.

A little-noticed communiqué at the end of the Standing Consultative Commission's meeting in Geneva last month announced that the two countries have signed "a common understanding" of their obligations if there should be a nuclear incident.

The SCC, which meets twice a year, is the official Soviet-U.S. body for complaints about noncompliance with arms treaties and for proposals to improve their execution. It is not involved with talks on new treaties.

In the "understanding," the two sides promised to deal with each other immediately, presumably on the hot line, all they know about any "unauthorized" nuclear blast or threat. This is to prevent the risk of retaliation due to one side's mistaken supposition that the other has launched a sneak attack. Terrorists might provoke that, by accident or mad design.

The SCC also signed an understanding "intended to further enhance the viability" of the Anti-Ballistic Missile Treaty. This move was somewhat surprising in view of mutual accusations and the failure so far of the Geneva arms negotiations to start moving. The United States says the Russians are violating the treaty by building a forbidden radar, and the Russians say the United States has launched an "open conspiracy" to violate it with "star wars."

It is a measure of how strained relations still are, and how deep the mutual suspicions, that neither side wants to call attention to the fact that they have recently been able to reach some small agreement.

There seems almost to be shared embarrassment in admitting a step forward. The big propaganda trumpets are all blaring out how intrinsically each side finds the other. Each is insisting that it is up to the other to make the next move. Meanwhile, negotiations are marking time.

Mikhail Gorbachev has hinted at another walkout. The United States is not taking the threat seriously. But there is a danger that this public posturing will reach a point where Moscow feels it has to act or lose face.

Up to now the negotiations have served mainly as a platform for public recrimination. A propaganda war doesn't kill anybody, but it does increase the chance of adding still more to the grotesque nuclear arsenal on both sides. The astronomer Carl Sagan calculates that the arsenals are already "many tens of times" above the level that would cause nuclear winter if they were set off.

Russians and Americans can see

that they dare not let somebody else cannot control move in on the nuclear menace game. But they cannot see how to reduce their mutual menace.

There is not even much awareness of each other's preoccupations. U.S. officials, analyzing Soviet behavior tend to assume it is all about manipulating opinion in the West. But the chances are that Mr. Gorbachev is more concerned now with his problems at home. He made two important speeches recently at the late Konstantin Chernenko's home base

of Krasnoyarsk and at the late Leonid Brezhnev's base of Dnepropetrovsk, both big military industrial centers. The speeches expressed his effort to launch important personnel changes and revise the economic plan. He has a deadline if he is to win elbow room to make his ideas work: the party congress next February.

But if Mr. Gorbachev was deliberately tough toward the United States so as to placate the stubborn old men whom he is trying to make swallow some hard domestic decisions, he

failed to appreciate the impact outside the U.S.S.R. It is hard to tell whether Moscow is again miscalculating Western reaction as it did during its campaign against Eurocommunism, or just doesn't care.

The SCC "understanding" showed that some agreement can be reached when it is seen to be in the urgent common interest. The United States and the Soviet Union are right to seek control of any possible nuclear terrorists — but one wonders if they are really in control of their own monstrous nuclear sausage-machines.

The New York Times.

And They May Even Mime a Summit

By Lou Cannon

WASHINGTON — Tentative U.S.-Soviet agreement for a summit meeting in Geneva in November follows months of quiet negotiations in which each side struggled unsuccessfully to play the host.

On the day Mikhail Gorbachev took over the Soviet leadership, he was invited by President Reagan to come to Washington. The Soviets quickly made clear that Mr. Gorbachev was not interested in traveling to the United States, either to Washington or to the autumn session of the UN General Assembly in New York. Soviet experts in the Reagan administration think the Kremlin's stand may have reflected both Mr. Gorbachev's concern with economic difficulties and an unwillingness to give Mr. Reagan the propaganda advantage of having a summit on U.S. soil.

Mr. Reagan, who has his own difficulties, took a similar view. A White House official quoted him as saying he did not want to "pay court to the Soviets" by going to Moscow.

The Geneva get-together, if it comes, will probably be described by Reagan administration officials as a "meeting" rather than a "summit." This word game is intended to lower expectations so that the meeting can be called worthwhile even if few tangible agreements result.

Expectations are low because arms control talks appear to be in an impasse in Geneva. Both sides are insisting that they will not deal unless Mr. Reagan scraps his "star wars" plans for missile defense.

There appears to be symmetry in the behavior of Mr. Reagan and Mr. Gorbachev, neither of whom is a slouch at public relations. U.S. and Soviet officials have suggested that the two leaders see a potential propaganda advantage in a meeting and a corresponding disadvantage at being portrayed as unwilling to hold one.

For Mr. Reagan, the commitment to a summit is the political residue of the "peace campaign" he waged in 1984, when longtime advisers Stuart Spencer and Michael Deaver joined Nancy Reagan in a successful effort to blunt the Democratic portrayal of the president as an intransigent anti-Soviet warrior. The first step was to bring down the Reagan rhetoric. The second was to arrange a meeting between Mr. Reagan and Foreign Min-

ister Andrei Gromyko in the White House. It was the first time during Mr. Reagan's presidency that he met a member of the Soviet leadership.

In a second term in which Mr. Reagan's gaze is firmly fixed on the history books, the line is that it is useful for U.S. president to talk to his Soviet counterpart even if he has nothing in particular to say to him.

Some in the administration held that Mr. Reagan should make the bold move of accepting an invitation to Moscow, thereby putting the Soviets under pressure from international opinion to produce results at a summit on their own turf. But caution prevailed, as it usually does when Mr. Reagan is dealing with the Soviets.

The judgment at the White House

is that a get-acquainted meeting has the value of letting the two leaders take personal measure of each other.

If "results" are seen as a political necessity, it would be relatively easy for both superpowers to approve so-called confidence-building measures that provide better military warnings in times of crisis. The Reagan administration could also endorse two long-respected but unratified treaties regulating underground nuclear blasts.

This is thin gruel at a time when both sides are resolutely stocking ample nuclear arsenals. But, considering how far apart the two sides remain in Geneva, a low-expectations meeting may be better than none at all. At least this is the negative logic that rules the day as the superpowers drift toward a summit that may not be deserving of the name.

The Washington Post.

LETTERS TO THE EDITOR

Athens Airport: No, Yes

For at least 15 years, Athens airport has been infamous for its lack of reasonable security procedures for airline passengers. Why can't the International Airline Pilots Association refuse to fly into or out of Athens and comparable airports until their security systems provide a higher standard of protection?

R. RUSSELL DICKSON, Amman.

I have traveled in Europe four times since 1979 and have flown in and out of the Athens airport at least eight times. Among all the airports I have used, including U.S. airports, Athens ranks second for security procedures, just behind the major airports in the Soviet Union.

President Reagan owes a public apology to the government of Greece, the Greek people and Americans abroad who feel ashamed of the irresponsible remarks of their president.

PETER B. KOMIS, Athens.

Bribes and Blackmail?

Can America really expect to improve its stature among self-respecting nations by treating humanitarian

and defense outlays as bribes that reward compliance with U.S. policies or as blackmail that coerces acceptance of them? These policies frequently reveal a lack of understanding for any position that does not serve what Washington feels is the U.S. interest of moment. Have we become so cynical that we count as "friends" only those nations that support our latest policy revisions despite their own interests or commitments?

The arrogance of Senator Robert J. Kasten Jr. ("UN Friends Can Easily Be Counted," June 21) is exceedingly dangerous in an era of global uncertainty when all nations should be trying to understand the substantive issues that keep us apart.

JOHN WEAVER, Bonn.

There is nothing very original in Senator Kasten's views, but it is discouraging to see them given new currency. May we hope that Vernon Walters will learn that opposition to U.S. positions in the United Nations is not unconnected to the policies that those positions advocate. Unless the policies are changed, the United States is certain to become even more isolated in all world forums.

EDITH RALLANTYNE, Geneva.

The French See Danger In Germany

By William Pfaff

PARIS — France is rethinking and remaking its security strategy. Rightly or wrongly, the French are troubled by what has happened in West Germany in recent years — the rise (and, reassuringly, the fall) of terrorism, then the rise of the Greens and their ideological colonization of the Social Democratic Party, and now the reappearing, in West German debate and discussion, of the German unification question.

Paris is afraid that West Germany's anchorage in Western Europe is being loosened, and that Soviet proposals of neutralization and unification might draw it out of the West.

It fears German romanticism. A recent book by a German-educated official at the French Foreign Ministry who has been closely involved in French-West German negotiations in recent years, Brigitte Sauzay, is called "Le Vertige Allemand" (The German Vertigo). It takes an apprehensive view of the Greens as "incapable of integrating reality, lacking a sense of compromise with life, rushing down a road which leads to chaos."

The writer goes on to say that "with the rise of anti-Americanism, Germany, without France to stabilize it, risks falling once again into adventurism. Isolated, it strongly risks being seized again by its demons, forgetting once more what has been responsible for the honor and excellence of Western society: the primordial role of the individual."

Some will say this concern is exaggerated. It is nonetheless worth noting behind a change in French policy and a considered effort to strengthen and increase the institutional bonds between the two countries. It is responsible for an important shift in defense preparations and a reorganization of the French army that has created a five-division intervention force, ostensibly for action anywhere but clearly intended as reinforcement in time of war, for the three French armored divisions permanently stationed in southern Germany.

West Germany is no longer seen as the buffer between France and the Soviet army — a human and territorial barrier to absorb the blow of a Russian attack and allow France the luxury of second thoughts about war, possibly even the luxury of saying out of a war. In the past, those were the unspoken assumptions behind French military planning, the withholding of French forces from the NATO command and the development of France's increasingly formidable independent nuclear force, and, more recently, of its tactical nuclear capability and neutron bomb.

Now there is widespread acknowledgment of the need to fight any attack on West Germany from the very start, side by side with the Germans. Pierre Lellouche, assistant director of the authoritative French Institute for International Relations, in a new book called "L'Avant de la Guerre" (The Future of War), proposes that the size of the French army in West Germany be doubled to 100,000 men, and that it be moved to the Elbe to become part of West Germany's forward defense.

He argues that the conditions should be created that make any attack on West Germany an automatic attack on the forces of France — forces possessing tactical nuclear weapons and prepared to use them, whatever America chooses to do or not to do with its nuclear weapons.

The French understand that they cannot expect to replace America as West Germany's guarantor, but they think that one cause of German restlessness is that the plausibility of the U.S. nuclear guarantee is much weaker than it was before, while American policy-makers have steadily been shifting their attention away from Western Europe and its problems.

West Germans certainly are not going to rely on France for their security so long as they can rely on the United States. That is clear. The French, however, would like the Germans, more than they do, to act to think of relying on France as well as on the United States.

Bonn cannot be expected to make a choice against Washington, and for Europe, on issues like "star wars." What the French do seek is what Bonn has just decided: to compromise between "star wars" and the French-initiated Eureka program of European strategic research. Paris wants Bonn to give Washington what has to be given, but also to reserve as much as possible for Europe: for Eureka, the European space program, European military aircraft projects.

The conviction behind this is that when, or as, West Germany's American links weaken, it must have a serious European security alternative. What the French fear is a Germany cast aside as the result of U.S. policy divergences with Europe and U.S. preoccupation with Central America and Asia. They dread the prospect of a West Germany panicked by American belligerence toward the Soviet Union. They want Germany to have a second anchor in the West.

It may not, however, prove a strong enough anchor. France would like Britain to be more unequally in Europe, rather than constantly looking over its shoulder toward the United States. Britain has a solidly of reputation in West Germany that France lacks. That worries the French. But what more can they do? They know that so long as West Germany and France stick together, Europe exists and can be defended. They know that if these two split apart, a train of powder is lit.

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India, in New Approach, Urging Both Sri Lanka, Tamils to Compromise

By Stuart Auerbach

COLOMBO, Sri Lanka—India is making a three-pronged effort to end the ethnic dispute that has brought this island nation to the brink of civil war.

It is pushing President Junius R. Jayawardene to be more conciliatory toward the Tamil minority's demands for more regional autonomy in areas where they live, urging Sinhalese opposition politicians to support government moves and clamping down on Tamil separatist fighters and the more moderate Tamil leaders who have taken sanctuary in the southern Indian city of Madras.

At the same time, New Delhi reassured the Jayawardene government that it opposed the separatist aims of setting up a Tamil state, Eelam, in Sri Lanka's northern and eastern provinces. It also said it would not go along with proposals to have those two provinces joined as one, which would give the Tamils greater control over them.

New Delhi is now bringing all sides together in Thimpu, the capital of the Himalayan kingdom of Bhutan, for a week of peace talks early this month aimed at ending the yearlong pattern of Tamil attacks and government reprisals that has turned this island into a battleground.

Thus India is playing a major role in trying to settle the long-standing and increasingly bloody differences between the Buddhist Sinhalese, who form the vast majority of Sri Lanka, and the largely Hindu Tamils, with their close ties to the Tamil community in the southern Indian state of Tamil Nadu.

This new approach reflects the changed policies of Prime Minister Rajiv Gandhi toward India's smaller, less powerful South Asian neighbors and stands in stark contrast to the position of his mother, the assassinated prime minister, Indira Gandhi.

Mrs. Gandhi's government had supported Tamil proposals for a larger role in the Sri Lankan government and had objected to stringent security measures imposed by the government after riots in August 1983 that killed 300 people. Sri Lankan officials also had alleged that Mrs. Gandhi's government had tolerated camps in southern India that trained Sri Lankan guerrillas.

The Sri Lankan minister of national security, Lalith Athulathmudali, called Mr. Gandhi's opposition to a Tamil state "the most positive statement any Indian prime minister has made."

"It is a clear recognition that Eelam is not in India's national interest. So the Eelam movement must negotiate," he continued.

The new message from India was

not lost on people in Jaffna, the almost completely Tamil city on the northern Sri Lankan peninsula where the separatist movement has drawn its greatest support.

"Now the government is happy because Rajiv Gandhi has openly come out that he is not in favor of Eelam. Without the support of India, the militants cannot not to anything," said the Most Reverend B. Deogupinnai, the Catholic bishop of Jaffna who is considered by the government here as a strong supporter of the militant fighters.

But the highly visible Indian role in trying to solve Sri Lanka's ethnic differences carries great risk to Mr. Gandhi, who faces a possible backlash in four southern Indian states that have close ties with Tamils here and are ruled by regional parties not under his control.

"Rajiv Gandhi has gone way out on a limb," said a well-informed Asian diplomat here.

It took more than five months for Mr. Jayawardene, 78, to accept the Gandhi government's offer to help bridge the widening gap between the Tamils and Sinhalese.

Mr. Jayawardene's meeting early last month in New Delhi with Mr. Gandhi, 40, was the turning point. Mr. Jayawardene, who was suspicious of Indira Gandhi, has developed a trust in Mr. Gandhi, who gave him specific assurances that led to the declaration of a cease-fire two weeks later.

The massacre by Tamil fighters on May 14 that left nearly 150 Sinhalese civilians dead in the north-central town of Anuradhapura, one of the most revered Buddhist shrines in Sri Lanka, also apparently played a part in making the government accept the Indian offer for talks.

This was the first time the Tamils had moved out of territory they considered friendly to kill Sinhalese civilians. According to diplomats here, their action left both the government and the Buddhists shocked.

Now, for the most part, the killing has stopped as the cease-fire has largely been honored by the government and the Tamils.

The opposition Sri Lanka Freedom Party, headed by Anura Bandaranaike, opposes a settlement and accuses the government of selling out Sinhalese interests. But that party, which had been headed by Mr. Bandaranaike's mother, Sirimavo Bandaranaike, a former prime minister, long maintained close ties to India. The two leaders are expected soon in New Delhi to confer with Mr. Gandhi.

The militant Tamils, realizing that they will have to accept far less than the separate state they want, also are restive about a settlement, with four of the five major fighting bands balking at attending the talks in Thimpu.

Bokassa Loses His Autobiography to Court-Ordered Flames

By Richard Bernstein

New York Times Service

PARIS — Jean-Bedel Bokassa, the former leader of the Central African Republic who proclaimed himself Emperor Bokassa I, looked on last week as more than 8,000 copies of his newly published autobiography were burned in three garbage bins.

The action resulted from a court ruling last month that Mr. Bokassa's book contained passages that defamed former President Valéry Giscard d'Estaing of France. The libel case was brought by Mr. Giscard d'Estaing in a Paris court.

Mr. Bokassa, who ruled the Central African Republic for 13 years before he was deposed, said last week of Mr. Giscard d'Estaing, "I am declaring war on him."

"The destruction of this book is the political destruction of Giscard d'Estaing," Mr. Bokassa told Agence France-Presse.

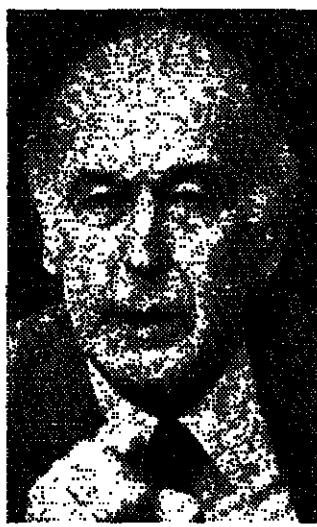
"For 12 years we were friends," Mr. Bokassa said. "I welcomed him to my home. I gave him di-



Jean-Bedel Bokassa

The destruction of this book is the political destruction of Giscard d'Estaing.

— Jean-Bedel Bokassa
Former emperor of the Central African Empire



Valéry Giscard d'Estaing

monds. He has cheated me, chased me from my country."

Mr. Bokassa was at the center of a furor in French politics several years ago when it was disclosed

that he had given a gift of diamonds to Mr. Giscard d'Estaing, who was then president. Mr. Giscard d'Estaing, who was deeply embarrassed by the incident, said

he had sold the diamonds and had given the proceeds to charity.

The former African ruler came to France with 15 of his children in 1983, four years after he was

overthrown in a coup backed by France. He is reported to spend most of his time at a chateau outside Paris, but he has said that he wants to return to his country.

Mr. Bokassa, wearing a three-piece beige suit and a large piece of diamond-encrusted gold jewelry suspended from a chain, was driven in a Mercedes-Benz limousine on Thursday to a book warehouse alongside the railroad tracks near the Austerlitz station in Paris.

There, seated on a dusty chair, he watched as a court officer consigned the copies of his autobiography, titled "My Truth," to the flames.

In its decision, the court found that 18 pages of Mr. Bokassa's book contained "inadmissible violations of privacy and extremely serious offenses against the character of the former president of the French Republic."

Mr. Giscard d'Estaing asserted that the book was a "shameful calumny" and that it "contained hateful and grotesque statements of clear falseness."

Mr. Bokassa, 64, was a figure of controversy in his years in power. In 1976, he declared his country an empire and had himself invested as emperor in an elaborate ceremony patterned after Napoleon's coronation. Its cost was estimated to have been from \$22 million to \$90 million.

He was accused of numerous abuses of human rights, including the execution of political opponents. A few months before he was deposed, he was said to have taken part in a prison massacre of 100 schoolchildren who had complained about their school uniforms. There also were reports that he organized and joined in cannibalistic rites.

After he was overthrown, the country was declared a republic again, and Mr. Bokassa was sentenced to death in absentia.

He told Agence France-Presse last week, "I want only one thing, to return to my country. I am the emperor for life of Central Africa. My people are waiting for me. He has not heard the last of me, Giscard."

Riot Police In Belgium Are Criticized

Reuters

BRUSSELS — The chairman of a Belgian parliamentary inquiry into the European Cup soccer final disaster in which 38 persons died criticized Interior Minister Charles-Ferdinand Nothomb and police Monday for poor security planning.

In an interview on Belgian state radio, Robert Collignon recommended that Mr. Nothomb correct what he called serious deficiencies in the paramilitary gendarmerie responsible for the section of the Heysel stadium where the disaster occurred.

Mr. Collignon's committee, which held two weeks of public hearings on the events that led to the fatal crowd crush on May 29, is to complete its report by Saturday.

Mr. Collignon, a member of the opposition Socialist Party, said it was "too easy" for Mr. Nothomb to divert blame for security failures onto the Brussels City Council, which owns the stadium.

He said that a security unit within Mr. Nothomb's ministry was "more formal than real," and that there was evidence of serious defects in the gendarmerie's planning.

The committee heard evidence of communications delays and a failure to police the narrow corridor separating terraces in the stadium.

In Madrid, about 40 persons were injured Sunday during clashes between police and Basque football fans after Athletic Bilbao lost the Spanish Cup Final to Atlético Madrid, Red Cross officials said.

Amid Bombings, Corsicans Say They Will Drop Violence

Compiled by Our Staff From Dispatches

MARSEILLES — Hooded members of the outlawed Corsican National Liberation Front announced Monday that the organization, seeking to end French rule in Corsica, was suspending "military activities."

As they spoke, 41 explosions rocked the Mediterranean island. Four front members, giving a 3 A.M. news conference in an underground garage next to the main Marseilles courthouse, said the bombings, which caused no injuries, were intended as a reminder of the group's military potential.

The authorities said 19 bombs went off in the southern part of the island and 22 more in the north. In the Corsican capital, Ajaccio, bombs damaged French banks and an office of Air France. Bombs elsewhere hit police stations and a tax office.

The front has carried out hun-

dreds of bombings over the last decade in its effort to end two centuries of French rule. Most have been aimed at French property and public buildings.

Although the campaign has damaged property, there have been few casualties.

French press commentators suggested that one reason for the suspension was to avoid damaging tourism this summer. Tourism is one of the island's main sources of income, but it has declined since the violence started.

The four front members made it clear that they would be prepared to resume violent action if political methods did not succeed.

"We have the strength and the organizational capacity necessary to enforce this suspension," one said, reading from a prepared text.

"But we shall make use of the same strength and organizational capacity if the authorities persist in

their policy of negation of our national interests," he added.

The statement said without elaboration that the decision to suspend "military actions" was made because "the evolution of the political situation in Corsica leads once again to the need to take a political initiative."

The powers that be must, from today, before it is too late, put in practice in Corsica the principles which it pretends to defend around the world," the text said. "We are, for our part, disposed to prove our will to reach a political solution. It is up to those powers not to waste this last chance."

The text mentioned a trial scheduled to begin July 16 in Lyon of three front members accused of killing two men in Ajaccio June 7, 1984. In answer to a question about a possible negative verdict, the spokesman repeated that the separatists reserved rights of retaliation.

The text recalled the economic, political and demographic difficulties of the island.

"From the colonialism of the right succeeded the colonialism of the left," it said, referring to the Socialist government of president François Mitterrand.

Corsica suffers from high unemployment, a weak industrial sector and an unsteady agricultural base.

Separatists say that Paris has ignored the island's economic troubles, and they say the government has taken a colonialist attitude toward the island. (AP, AFP)

Man Held in IRA Blast, 6 Others Appear in Court

Reuters

LONDON — Police marksmen guarded a London courthouse on Monday and a police helicopter hovered overhead for the first appearance of a Belfast man accused of planting a bomb that killed five persons but narrowly missed Prime Minister Margaret Thatcher and members of her cabinet.

Patrick Joseph Magee, 34, who is charged with placing the time bomb that ripped through the Grand Hotel in Brighton last Oct. 12, arrived in court wearing only a pair of shorts under a rough brown blanket slung poncho-style around his neck.

Two other men, Gerald Patrick Michael McDonnell, 34, and Peter John Joseph Sherry, 30, charged with conspiring to cause explosions this year, were similarly dressed. No pleas were taken and all three men, as well as four other persons, were remanded in custody until Thursday.

Police with dogs searched everyone entering the courthouse. The accused smiled and waved at three relatives in the public gallery. As he was led away, Mr. Magee gave a clenched-fist wave.

All told, seven persons appeared in court. Martina Elizabeth Anderson, 23, Ella O'Dwyer, 26, and Donald Dominic Craig, 27, faced the same charges as Mr. McDonnell and Mr. Sherry.

A third woman, Cecilia Lowney, 21, was charged with withholding information about an act of terrorism in Northern Ireland.

The Irish Republican Army, fighting to end British rule in Northern Ireland, claimed responsibility for the Brighton bombing. It occurred during the annual conference of Mrs. Thatcher's Conservative Party.

Mr. Magee is charged with causing the explosion and murdering the five persons who died. The seven were arrested in Scotland a week ago and brought to London over the weekend. They were taken to and from court in a convoy of heavily guarded vans.

Police continued to search 12 English seaside resorts for bombs after announcing last week that they had uncovered plans for a summer bombing campaign by Irish guerrillas.

U.S. Panel Revises Illegal Alien Count

Washington Post Service

WASHINGTON — From 2 million to 4 million illegal immigrants were living in the United States in 1980, far fewer than had been estimated, and their numbers are growing more slowly than had been supposed, a research panel says.

Estimates by official and private groups have ranged from 2.3 million to 20 million. The Immigration and Naturalization Service's estimate is 6 million to 7 million, and the Census Bureau offered a range of 3.5 million to 6 million for 1978.

The National Research Council, an arm of the National Academy of Sciences, reported its estimates last week as part of a blistering criticism of the "woefully inadequate" way that the INS tracks "dismally limited" data on immigrants. The panel said that U.S. immigration policy had been made "in a data vacuum."

Agca Now Says 4th Turk Present At Pope Shooting

The Associated Press

ROME — Mehmet Ali Agca on Monday reversed an earlier refusal to testify further in the trial of seven men he has accused of complicity in the 1981 shooting of Pope John Paul II. He said that there was a fourth Turkish accomplice in St. Peter's Square the day he shot the pope.

At first Mr. Agca had testified that only one other Turk, Oral Celik, was in St. Peter's Square. He said later that a third Turk, Omer Ay, was also there. On Monday, Mr. Agca said there was a fourth Turk in the square: "The other man was Sadat Sini Kadem, my schoolmate."

Mr. Kadem is a leftist activist from Mr. Agca's hometown, who is now imprisoned in Turkey, according to court documents.

Mr. Agca did not explain why a leftist would be cooperating with him and other members of the Gray Wolves, a band of rightist Turkish guerrillas.

Severe Fire Hits San Diego

The Associated Press

SAN DIEGO — Thousands of people were evacuated and hundreds were left homeless Monday after a brush fire destroyed up to 70 dwellings in the wealthy Normal Heights section in San Diego. It was the city's worst residential blaze in 20 years, authorities said. Damage was estimated at more than \$5 million.

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ARTS / LEISURE

A Man's Yacht Is His Castle — And His Business Office, Too

NEW YORK — In the late 1960s the cosmetics magnate Charles H. Revson and the real estate tycoon William J. Levitt owned two of the largest yachts in the world, the *Ultima II* and the *La Belle Simone*, the latter named for Levitt's wife.

When these two yachts pulled up side by side in the harbor at Monte

Carlo every summer, people gawked. The on-board parties started immediately, and the competition was fierce. Revson once held a dinner on his yacht for all the society columnists in the area.

HEBE DORSEY

Levitt, meanwhile, was trying to attract all the beautiful people.

Guests came back with extravagant reports. Revson had two chefs, one of whom was Chinese. Levitt's *Belle Simone* had fantastic trimmings, including a marble swimming pool, Versailles parquet floors and French 18th-century furniture. *Ultima II* had large staterooms and a small saloon, while the opposite was true on the *La Belle Si-*

more, reportedly because Revson was not as fond of socializing as Levitt.

Yachts are still the ultimate toys of the very wealthy, but with the advent of modern technology they have taken on a new dimension. They have become floating estates, on which the owner's family life and business life are intertwined.

The new yachts, many of which include satellite communications, computer centers, security systems and completely equipped medical facilities, have become a combination of corporate head office and custom-made home. Once used only for cruising, they are now year-round residences.

"The tide turned with communications, and 1978 was the breakthrough for more general use and longer use of these yachts," said George Nicholson, who has been building and dealing in yachts for 25 years. "When technology came of age with satellite communications, everything changed."

"Previously, yacht owners got very nervous at being out of touch. They couldn't conduct any business, because anybody could listen in on their radio communications."

Today, the satellite has made it possible to dial from your yacht easily and in total security.

Nicholson, 47, who was in New York recently for a yachting show held by Tiffany & Co., is known as "the yachting guru." He comes from an English family of yacht builders, Camper & Nicholson, founded in 1782 and responsible for some of the world's most luxurious craft, including the *La Creole* for Stavros Niarchos.

With the withdrawal of the company, which has its headquarters in Southampton, from the construction of large, custom-built power yachts in 1978, Nicholson formed his own consulting company.

He said there was a distinct upsurge of interest in large yachts. "I could pinpoint 30 yachts of more than 125 feet (38 meters) under construction all around the world," he said, "which is probably a record."

"Boats turn men on," Nicholson added. "They are the ultimate possession and sign of achievement."

Yachts have also come a long way in their interior design, Nicholson said.

"Now a lot of women are coming around because of the luxury of these boats," he said. "Comfort has evolved considerably. It used to be that shipyard did their own interior decorating, which was suited to men but not very attractive to women."

"Now the top yards have, more often than not, a designer imposed on them. So everything is thought through, inside as well as outside. The pile of drawings involving the building of a yacht is now 10 times bigger than it used to be. The trimmings are much more sophisticated."

Better amenities mean improved



George Nicholson

bathrooms and bigger bedrooms, "because when you're spending more money on your yacht than you are on your house, there's no excuse for not making your floating home as comfortable as your fixed one," Nicholson said.

The biggest yachts are custom-made, from the hull to the engine to the decoration. "Everything is all there is no production line for large yachts," Nicholson said.

The most outstanding yachts in the world, he said, are the *Nahla*, owned by the Saudi financier Adnan Khashoggi, and the *New Horizon* L, which belongs to a retired Dutch mail-order magnate, Leon van Leuven.

Both yachts were decorated by Luigi Sturcio, a Roman architect and decorator. *New Horizon* L is 198 feet long and was conceived by Sturcio as "an old-fashioned kingdom with the ultimate in modern equipment."

Its sumptuous details include a gilded brass, marble and crystal dining table and Oriental panels in the stateroom, reflecting the tones of van Leuven's Oriental collections. Sturcio, an expert on marble, said \$350,000 worth of it went into the yacht, whose bathtub is a solid piece of marble.

Beatles' Limousine Is Sold

NEW YORK — A psychedelic 1963 Rolls Royce that the Beatles used for a European tour at the height of their popularity has been sold for a record price of \$2.29 million, including premium, at an auction of rock memorabilia.

The buyer of the flower-studded, yellow and gold Phantom V limousine was Jim Pattison, president and chairman of Expo '86 in Vancouver, British Columbia.

"There isn't another car quite like it," said Dana Hawkes, director of the Collectibles Department at Sotheby's of New York, which conducted the auction Saturday.

"It's 19 feet long (six meters) and weighs three tons (2,700 kilograms), making it one of the most substan-

tial pieces of ephemera ever to appear at auction," Hawkes said.

The previous record paid for an automobile at an auction was \$440,000 for a 1936 Mercedes-Benz two-passenger Roadster purchased in Los Angeles in 1979, said Joseph Dougherty, a spokesman for Sotheby's.

The artist swung happily from a tree stump as a director of Sotheby's opened the bidding Saturday for a one-of-a-kind oil painting. The Associated Press reported from Chester, England.

The painting, "Am I My Keeper's Brother," by a 2-year-old orangutan named Sidney, sold for £120 (\$155), which will be donated to the World Wildlife Fund.

Orpheus Returns: Demy and Goretta Use Myth as Inspiration in New Films

By Elizabeth Ayre
International Herald Tribune

PARIS — Just as 1983-1984 belonged to "Carmen," with at least four film versions, 1985 seems to be the year of Orpheus. The Greek myth has inspired the French director Jacques Demy, whose film "Parking" was recently released, and the Swiss filmmaker Claude Goretta, who has just completed shooting Monteverdi's "Orfeo" in Italy.

It had been 25 years since the Orpheus legend provided the inspiration for any major film, much less two. Notable among the earlier versions are "Orpheus" (1950) and "Le Testament d'Orpheus" (1960), both directed by Jean Cocteau, and Marcel Camus' "Orfeu Negro," winner of the 1959 Palme d'Or at Cannes.

Goretta, 56, whose previous works include "La Déesse" (The Goddess, 1977) and "L'Invitation" (1973), in which characters' expressions take precedence over plot, has chosen a classical interpretation of Monteverdi's opera.

Demy's film presents an upbeat, pop-singer rendition of Orpheus, the poet and musician who went to the underworld to rescue his wife, Eurydice, after she was bitten by a viper.

"I found that there are elements in this myth which correspond with our modern world," said Demy, a soft-spoken man of 54 who sports a cravat and diamond earring. To him, Orpheus was someone like Jim Morrison or David Bowie, pop stars with a cult-like following.

The sudden death of John Lennon left a strong impression on Demy. "It is more than mere coincidence that my Orpheus has a Japanese wife (Keiko Ito) and is assassinated as John Lennon was, that the Bacchantes are like a feminist group and that the deadly viper bite has been replaced by the toxic sting of a heroin needle," he said.

Demy has often used music as a vehicle of expression. Extolling the American directors Vincente Minnelli and Stanley Donen, he pioneered the musical in France and eased French resistance to the genre with such celebrated films as "Les Parapluies de Cherbourg" and "Les Dames de Rochefort."

In keeping with his tradition, Demy chose Michel Legrand to write the score for "Parking," it is sung almost entirely by Francis Huster, who makes a feeble attempt to reach Orphic proportions. (The film received less than enthusiastic reviews.)

Demy has had a penchant for legends since childhood. As a boy,

he staged fables on the banks of the River Loire for his friends.

Cocteau's surrealistic fables, such as "Orpheus" and "La Belle et la Bête" (Beauty and the Beast), were provocative sources of inspiration for Demy, who not only dedicated "Parking" to Cocteau but also cast Jean Marais, Cocteau's Orpheus, in the role of Pluto.

"It is a means of passing the torch from one generation to another," he said. "If he had refused the part, I would have given up on the idea of the film."

Goretta's dream was to bring the Orphic theme through Monteverdi's music to a large popular audience. The project was launched, he said, when the Swiss conductor Michel Corboz proposed that Goretta do the stage production of "Orfeo" to be performed at the opera festival in Aix-en-Provence, France, starting July 15.

"I accepted the stage direction because 'Orfeo' is a masterpiece," Goretta said. "As a film director, I naturally thought of adapting it for the cinema."

"Orfeo," featuring a young Canadian singer, Gino Quinico, in the title role, is co-produced by Italy's Istituto Luce and by Gaumont, which also financed Francesco Rosi's "Carmen" and Joseph Losey's "Don Giovanni."

Alessandro Striggio's libretto focuses on the simplicity of the myth of Orpheus.

"It deals with elements common to all of our lives: love, impetuous folly and death," Goretta said. "It is a love story, yet death is ever-present."

Orpheus, defying the gods, entered hell and, by the power of his song, seduced Pluto into releasing Eurydice on condition that he not look back at her before leaving the underworld. Orpheus yielded to

impulse, however, and Eurydice was lost forever.

Goretta confronted a challenge in choosing to direct Monteverdi's work, which he described as difficult to adapt.

"It is a score which bewitches me, yet eludes me," he admitted with a wistful smile. The score was recorded in February, before filming even began, and although Goretta participated in fine-tuning during these sessions, directing with a recorded score posed numerous problems.

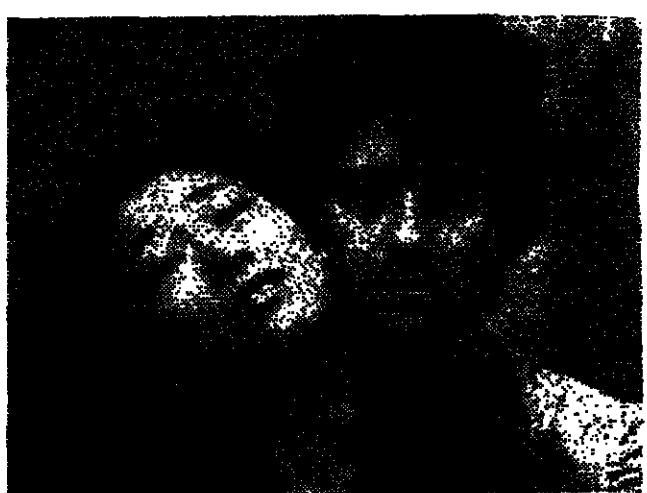
"Trying to insert the expressions of life into a fixed framework was like squeezing a spring into a box in such a way as to allow its vibrations to continue."

Unlike "Carmen," "Don Giovanni" or Ingmar Bergman's "The Magic Flute," "Orfeo" has relatively weak dramatic structure. Goretta has therefore used light and color to provide cues to each character's emotions.

Act 1, for example, opens with Orpheus and Eurydice's wedding celebration, the set bathed in a warm, golden light to symbolize happiness. The light fades subtly as Eurydice nears death, until Orpheus is left a silhouette in despair. A single ray of light falls upon his lyre, symbol of hope among the gray shadows of hell.

Mastery of lighting technique was a major impetus behind Goretta's decision to work with Giuseppe Rotunno, chief cameraman for Federico Fellini, and to shoot the entire production in the studio in Rome.

"Opera is an artifice," Goretta said. "The relationship between convention and life can best be shown in the studio. If I need a sunbeam, I can create it, and I can reproduce images that are truer than those found in reality — mental images, if you like."



Francis Huster and Keiko Ito in Demy's "Parking."

Egypt's Circus: An Anomaly in the Arab World

By David Lamb
Los Angeles Times Service

CAIRO — Back in 1960, when Cairo was under the thumb of President Gamal Abdel Nasser and, it was felt, needed a little culture, someone came up with the idea of starting a national circus, the first in the Arab world.

The man chosen to head it was an actor, Ahmed Salem. For nearly six years he scoured the countryside, visiting the small private circuses that once flourished in Egypt, recruiting and training the best talent he could find. Finally, in January 1966, the Egyptian National Circus was officially born, with 60 performers putting on the first show in a tent alongside the Nile.

Today, Salem sits in his office next to the same green and red big top. There is a picture of President Hosni Mubarak on the wall, a Koran on his desk and two withered floral arrangements in a corner. He points out the window at the tent, where a family of acrobats is practicing for the evening performance.

"We'd like to get out of the tent and move into a real building, and we'd like to tour other Arab countries," said Salem, the circus's managing director. "But other than that, we're satisfied and very proud of what we've accomplished."

Indeed, the little-publicized Egyptian National Circus — still the only circus in the Arab world — has become this country's longest-running cultural event.

Six nights a week, most of the 1,200 rickety steel chairs that surround the single ring are filled with Egyptians who have paid the equivalent of about \$1.50 to \$4 for a ticket (students, soldiers and policemen get a 50-percent discount). Vendors move through the crowd selling peanuts, lamb sandwiches and cans of fruit juice.

The response of audiences to circus is universal, said the lion trainer, Ibrahim el-Hew, whose father was fatally mauled by a lion during a performance in 1972. "But you do find some differences in the sophistication of the audience. When I trained in West Germany, I had one act where I used a flower instead of a whip to control the

lion. The crowd loved it and roared; I used it here and it fell flat. The Egyptians would rather see the trainer be aggressive toward the animals."

Although Helw is the show's most famous star, his salary is \$250 a month, modest even in impoverished Egypt. Acrobats, jugglers, clowns and others may earn as little as \$40 a month.

Next year, to celebrate the national circus's 20th anniversary, the Ministry of Culture is planning an international festival and will ask

35 countries to compete in a circus competition.

There will be no other Arabic circuses there. In the conservative Islamic countries, the idea of a woman performing in a leotard and bare-legged would be abhorrent, as would sexually integrated ensembles. Security-conscious governments might also be wary of approving events that attract crowds, as a circus does. And in many other countries of this region, there is simply no tradition of humor as an art form and little culture other than that of the desert heritage.

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Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-

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Open	High	Low	Last	Chg.	
Indus	134.51	132.51	132.51	-2.00	-
Transp	64.51	62.51	62.51	-2.00	-
Comp	55.51	53.51	53.51	-2.00	-
Indus	134.51	132.51	132.51	-2.00	-
Transp	64.51	62.51	62.51	-2.00	-
Comp	55.51	53.51	53.51	-2.00	-

NYSE Index					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

Monday's NYSE Closing					
Vol.	High	Low	Last	Chg.	
Indus	134.51	132.51	132.51	-2.00	-
Transp	64.51	62.51	62.51	-2.00	-
Comp	55.51	53.51	53.51	-2.00	-
Indus	134.51	132.51	132.51	-2.00	-
Transp	64.51	62.51	62.51	-2.00	-
Comp	55.51	53.51	53.51	-2.00	-

AMEX Diaries					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

NASDAQ Index					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

AMEX Most Actives					
Vol.	High	Low	Last	Chg.	
AT&T	159.50	158.00	158.00	-1.50	-
IBM	122.00	121.00	121.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-
Amgen	117.00	116.00	116.00	-1.00	-

Dow Jones Bond Averages					
Prev. Close	Today's High	Today's Low	Today's Last	Chg.	
Govt	101.00	100.00	100.00	-1.00	-
Corp	101.00	100.00	100.00	-1.00	-
Govt	101.00	100.00	100.00	-1.00	-
Corp	101.00	100.00	100.00	-1.00	-

NYSE Diaries					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

Odd-Lot Trading in N.Y.					
Buy	Sell	Net	Chg.		
Indus	134.51	132.51	132.51	-2.00	-
Transp	64.51	62.51	62.51	-2.00	-
Comp	55.51	53.51	53.51	-2.00	-

Standard & Poor's Index					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

AMEX Sales					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

AMEX Stock Index					
High	Low	Close	Today	3 P.M.	
Composite	111.71	110.68	111.11	111.00	-
Indus	111.71	110.68	111.11	111.00	-
Transp	111.71	110.68	111.11	111.00	-
Comp	111.71	110.68	111.11	111.00	-

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Amgen	117.00	116.00	116.00	-1.00	-

Profit-Taking Reported on NYSE

NEW YORK — Prices on the New York Stock Exchange headed lower late Monday in moderately active trading, as profit taking cut into last week's advances.

The Dow Jones industrial average was off 5.61 to 1,329.85 an hour before the close. Declining stocks outnumbered advancing ones by an 8-7 ratio, among the 1,957 issues crossing the NYSE tape. Volume was 74 million shares, down from 86.4 million in the same period Friday.

Prices were lower in active trading of American Stock Exchange issues.

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

Analysts said the market's losses were expected after recent gains, and that broader market indicators were giving a better account of themselves.

"The Dow is worse than the general market," said Harry Laubacher, of Paine Webber.

Mr. Laubacher said he expected the market to continue its gains of last week, seeking out new highs and approaching the 1,350-level.

Monday's "softness will give way to a pickup in buying pressure very soon," he said.

"On a short-term basis, we are a little bit overbought," said Chester Pado, A.C. Securities, Los Angeles.

He said the market's decline the result of profit-taking, which should not last more than a day or two.

Airlines were outperforming the market, he said, and technology issues, which responded to last week's gains late in the game, still had substantial potential for an advance.

"For the first time in many months," he said, Ralph Acampora of Kidder Peabody, with emphasis on over-the-counter and American Stock Exchange issues.

Buying in those stocks, Mr. Acampora said, could fuel a summer rally in a market that has been driven by blue-chip issues.

AT&T was near the top of the active stocks, and lower.

Regional Bell companies were mostly higher on speculation that the alliance between IBM and MCI Corp. could prompt government regulators to allow them to compete in the interstate long-distance telephone market.

Nyxer, Southwestern Bell, Pacific Telesis, Bell South and US West were all fractionally higher.

Federal National Mortgage Association was up a bit in active trading.

Some technologies were lower, with IBM, Digital Equipment and Cray Research off a bit. Texas Instruments was higher.

Airlines were gaining, with UAL, AMR and Delta all up slightly.

General Electric was off a bit. GE and unions representing nearly 66,000 workers announced an agreement on new labor contracts to replace a pact that expired Sunday night.

In the auto sector, Chrysler was slightly lower. Chrysler said it would acquire E.F. Hutton Credit Corp. for \$125 million. Both General Motors and Ford were up a fraction.

12 Month High	Low	Stock	Div.	Yld.	PE	High	Low	Close	Chg.
134.51	132.51	Indus				134.51	132.51	132.51	-2.00
64.51	62.51	Transp				64.51	62.51	62.51	-2.00
55.51	53.51	Comp				55.51	53.51	53.51	-2.00
111.71	110.68	Composite				111.71	110.68	111.11	-1.00
111.71	110.68	Indus				111.71	110.68	111.11	-1.00
111.71	110.68	Transp				111.71	110.68	111.11	-1.00
111.71	110.68	Comp				111.71	110.68	111.11	-1.00

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55.51	53.51	Comp				55.51	53.51	53.51	-2.00
111.71	110.68	Composite				111.71	110.68	111.11	-1.00
111.71	110.68	Indus				111.71	110.68	111.11	-1.00
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111.71	110.68	Transp				111.71	110.68	111.11	-1.00
111.71	110.68	Comp				111.71	110.68	111.11	-1.00

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BUSINESS ROUNDUP

Thorn Sees Lower Profit; Chairman Resigns

LONDON — Thorn EMI PLC gave on Monday an unexpected preview of its results scheduled to be released Friday, saying that profit for the 1984-85 year was lower than in the previous year.

Thorn also announced that its chairman, Peter Laister, had resigned. The statement gave no reason, but industry sources ascribed his departure to the company's problems.

Thorn said profits for the year ended March 31 were lower than the previous year, although the final dividend would be held unchanged.

Thorn had pretax profits of £156.8 million (\$203 million) on revenue of £2.82 billion in the year ending March 31, 1984. Its full dividend was 17.5 pence (22.75 cents).

Analysts were expecting reduced pretax profits at Thorn for the 1984-85 year, probably £120 million to £137 million.

The Friday publication date for the annual figures had been moved up from July 11 in view of turmoil in the British stock market. Worsening markets, capacity-cutting mergers and rumors of boardroom dissent have all dented investor confidence in the electronics sector.

Thorn shares were quoted Monday at 371 pence, up from 357 pence late Friday, in response to the latest statement.

Thorn's share price hit a low of 345 pence last week, down from the 1985 high of 484 pence.

Thorn's statement blamed the profit decline on depressed trading conditions and difficulties at Thorn EMI Ferguson, a consumer-electronics subsidiary, and the Innos microchip unit.

Ferguson is already restructuring and urgent measures are being taken to improve Innos's performance, Thorn said.

Thorn said it was cutting the work force at Ferguson by 490. When added to the voluntary layoffs and cuts by attrition, the new cut would result in job reductions of 1,000 out of a work force of around 6,000.

Referring to Innos, in which it bought a 76-percent stake from the British government for £95 million a year ago, Thorn said the worldwide recession in the semiconductor industry had resulted in oversupply and a fall in prices.

Thorn said two executives, Richard Peitz and John Heighley, had been relieved of their duties at Innos.

Ford Sees 'No Evidence' Of Recovery in Europe

DETROIT — Ford Motor Co. has high hopes for increased profits from Europe, but 1985 has not proven to be the year that the company's executives, including its chairman, Donald Petersen, were hoping for.

In an interview, Mr. Petersen, who became chief executive last winter after five years as president, said 1985 had brought "no evidence of good strong recovery that everyone is waiting for" in Europe. He said the overall trend for Europe's motor industry remains one of intense competition, excess production capacity and heavy spending by companies to bolster their market shares.

About the only bright spot is that the turmoil in West Germany's industry early this year on emission-control standards seems to be over.

Ford's ability to improve its profitability in Europe, the company's second-most-important market, remains "very much in question at this point," Mr. Petersen said.

But he added that given the industry's problems, he was "rather pleased with the pattern of our performance and results in Europe so far this year."

The company's major strength continues to be North America, but Ford believes its extensive international operations eventually can become significant profit centers again.

Mr. Petersen said Ford, the world's second-largest auto manufacturer with operations in 26 countries outside North America, still suffered from the industry's problems in Europe and Latin America, where profits have been weakening for the past few years.

Ford last year earned record profits of \$2.9 billion, but less than 7 percent of it came from its subsidiaries outside North America.

Europe, where Ford took leadership in car sales for the first time, accounted for 16 percent of the company's worldwide sales of \$52.4 billion but only 5 percent of profits.

That was a reverse of the company's position of a few years ago, when Europe was offsetting Ford's multibillion-dollar losses in North America.

"We think we've proved with our past track record we know how to make money better than anybody else does in that market and we'll be making good money there in the future," Mr. Petersen said.

The European car market, where six major competitors are vying, appears headed for sales of just under 10 million units in 1985, he said, slightly less than 1984.

GE Reaches Tentative Pact With 2 Unions

The Associated Press

NEW YORK — A tentative settlement between General Electric and two unions representing 55,000 workers was reached Sunday, just two hours before the contract was to expire at midnight.

Neither management nor the unions would disclose details of the three-year contract, pending ratification by the unions' full negotiating committees, which were to meet Monday. The proposal must also be approved by the unions' conference board and by the full membership.

Late Saturday night when negotiations ended for the day, a union spokesman said there was "a long way to go." Talks resumed at 10:30 Sunday morning and continued until late in the evening.

William Bywater, president of the International Union of Electrical Workers, representing the unions involved in the talks, has said job security, improvements in the cost-of-living formula, a general wage increase and early retirement were the main issues in the talks.

William Angell, GE's chief negotiator, has said "the future competitiveness of GE's diverse businesses" was management's key issue.

Three years ago, a tentative settlement was reached less than 12 hours before the deadline, giving workers a 20-percent increase in wages.

The IUE is the largest of the unions bargaining with GE, representing 47,300 workers. The United Electrical, Radio and Machine Workers union has 8,600 GE employees.

The two unions have been jointly negotiating with the company since May 14.

Ten other unions representing 33,000 GE workers were also involved in the talks, although only two national contracts will emerge. The IUE and URM contracts, usually identical, are the framework for 100 local contracts.

Abu Dhabi Cuts Oil Output

ABU DHABI — Abu Dhabi, the main producer in the United Arab Emirates, reduced its output of crude oil in June to close to its OPEC quota of 950,000 barrels a day from earlier levels of 1.1 million, industry sources said Monday.

Hongkong & Shanghai Bank Unveils 47-Story, High-Tech Headquarters

Reuters

HONG KONG — Hongkong & Shanghai Banking Corp. unveiled its new headquarters on Monday, an aluminum-clad skyscraper bolted together by steel spars that hang from 32 supporting masts.

The bank says its high-technology building, designed by Norman Foster, a British architect, has cost 5 billion Hong Kong dollars (\$640 million).

Guarded by two bronze lions, which sat outside the old headquarters for more than 40 years, it towers 47 stories over the financial center of Hong Kong and overlooks the harbor.

"There is nothing like it in the world," said Roy Fleetwood, the architect in charge of the project here. "It is unique."

The building's contractors, John Lok & Partners and George Wimpey International, celebrated the completion of the main construction phase Monday. Workers will move in within the next few weeks, and the bank will open for business next month.

The bank is the territory's largest and acts as an unofficial central bank.

Construction of an assembly plant is to begin this year and production is to start by the end of 1986, the spokesman said. He gave no other details.

A spokesman for Olivetti declined to comment on reports in the British press that it intended to cut its losses and pull out of Acorn.

Acorn said last week that it had asked the merchant bank Close Brothers to submit plans for refinancing after a sharp worsening in its financial position since Olivetti made its capital injection. Acorn shares were temporarily suspended on the London Stock Exchange.

The Olivetti spokesman was unable to say when Close Brothers would present its proposals.

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Honda to Build Cycles in Mexico Starting in 1986

United Press International

TOKYO — Honda Motor Co. plans to start producing motorcycles in Mexico late next year, a company spokesman said Monday.

The spokesman said the Mexican government authorized Honda on June 24 to set up a wholly owned subsidiary to build and sell motorcycles with an engine displacement of more than 350 cubic centimeters.

Construction of an assembly plant is to begin this year and production is to start by the end of 1986, the spokesman said. He gave no other details.

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Quebecor Is Escalating Canada's War of Words

(Continued from Page 7)

lishes and distributes books and records, owns and operates 13 printing plants and owns 24 photographic supply stores.

Among Quebecor's three principal areas of business, some 44 percent of revenues last year came from publishing, 24 percent from printing and 32 percent from distribution.

For the year ended Sept. 30, net income jumped nearly 50 percent to \$8.3 million, on sales of \$203.6 million. For the first six months of this year, net income was up by nearly two-thirds, to \$4.6 million.

All this is appreciated on the Montreal, Toronto and U.S. stock exchanges, where Quebecor shares are traded. After reflecting a two-for-one stock split in February and a three-for-one split approved by shareholders June 11, investors could have about doubled their money over the past two years.

And that appears to be just the beginning. "We're in the market for a Canadian daily, an American daily and a French daily — we're in the market for a lot of things," Mr. Peladeau said. Although most acquisitions are considerably smaller — a rural weekly, say, rather than a big-city daily — Quebecor has been recently making about one acquisition a month.

If the price were right, Mr. Peladeau said, he would be interested in buying either the New York Post or the Chicago Sun Times from Mr. Murdoch, who is expected to sell both newspapers because of his deal to purchase the largest group of independent television stations in the United States from Metromedia Inc. for more than \$2 billion.

A federal regulation generally bars a newspaper owner from owning more than 5 percent of a broadcast station in the same city, and two of the stations in the Metromedia deal are in Chicago and New York.

Mr. Peladeau also is considering establishing a daily sports newspaper in Philadelphia, Boston or Detroit, perhaps expanding to a national sports daily along the pattern of the Gannett chain's USA Today.

"He's pretty well saturated the Quebec market," said David Schulman, senior analyst with the Montreal securities firm of Geoffrion.

Indeed, he appears to have shed the impetuosity that used to characterize his decision-making without sacrificing his bubbly personal charm. He gives business associates freer rein, is less of what he terms a "super hustler" and claims to get "more action" as a result.

Mr. Peladeau, 60, began his rise

Leclerc Inc. "He's got to go elsewhere."

So far this year, Quebecor has dipped its toe into the U.S. market by buying two newspaper publishing companies, Pandell Printing Inc. in Midland, Michigan, and the Somerset Publishing Company in Somerset, New Jersey. The Somerset deal was concluded the second week in June and is billed as a possible entry into the East Coast daily journalism market, although for the time being it will only print papers for others, including Investor's Daily.

"We have the means, the contacts, the money and whatever is necessary," said André Gourd, the Quebecor corporate secretary who is setting up the new subsidiary, Quebecor America Inc. "We are on the acquisition trail."

Quebecor hopes it has better luck than the last time it tried to crack the U.S. market. In 1977, it started the Philadelphia Journal, a splashy, colorful tabloid that died four years later, the victim of labor strife and lack of advertising. Quebecor lost \$15 million in Philadelphia.

Mr. Peladeau said that through that experience he "earned the most expensive M.B.A. in the United States." Analysts think part of the lesson is that next time Quebecor should buy an existing big city newspaper property, rather than starting from scratch.

But only if the price is right. "I won't make a move until I have the price I want," said Mr. Peladeau, who owns 54 percent of Quebecor.

Indeed, he appears to have shed the impetuosity that used to characterize his decision-making without sacrificing his bubbly personal charm. He gives business associates freer rein, is less of what he terms a "super hustler" and claims to get "more action" as a result.

Mr. Peladeau, 60, began his rise

in 1950 with the purchase of a neighborhood weekly in Montreal. A French Canadian, he bought his own plant in the 1950s when he was having trouble finding people to print his paper.

"It's a much improved situation," said Michel Perrault, an analyst at Alfred Bunting & Company in Montreal. He particularly applauds what he sees as a new ability by Quebecor to shed money-losing

operations quickly and efficiently, citing the Philadelphia paper and a photo-finishing business as examples.

Much of Quebecor's success has come at the expense of La Presse. Mr. Peladeau started La Journal in 1964 during a bitter strike at the rival paper. In 1978, another strike at La Presse enabled him to surpass the 101-year-old broadsheet in circulation.

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We hereby announce that as a consequence of the split of AEGON nv ordinary shares of Dfl. 10.00 into ordinary shares of Dfl. 5.00 with effect from June 14, 1985, the conversion price according to the meaning of article VII of the Trust Agreement of June 15, 1977, should be altered to 83.51 shares per debenture of US \$1,000 nominal (previously 41.78).

The Hague, 28th June 1985 The Executive Board
AEGON Insurance Group - International growth from Dutch roots

Looking for capital growth?

FIVE REASONS FOR INVESTING NOW IN EUROPEAN EQUITIES

Europe has proved to be an exciting area for investment in the recent past. The prospects for Europe still look good for five reasons:

- 1) Political Climate**
The reduction of Government expenditure, combating inflation and most importantly, boosting the corporate sector have all become high priorities in Europe. This is most noticeable in the Netherlands, Germany and Belgium but also in France where there has been a distinct shift in Government economic policy.
- 2) Economic Recovery**
European economies are now picking up. In Germany the Bundesbank forecasts that GNP in 1986 will grow by 2%, and that exports should grow by almost 6%. Next year the German inflation rate is forecast at 2% while for the Netherlands it is 1%, Switzerland 3% and France 4%.
- 3) Strengthening Currencies**
During the first half of 1985, European currencies appreciated against the Dollar. An important reason for this was the downward movement of US interest rates.
- 4) Company Performance**
Company profits look set to enjoy another year of growth in 1985 and 1986 benefiting not only from continuing demand and low interest rates, but also from the significant rationalisation measures initiated in recent years. Europe boasts numerous growth areas and offers quality companies in such industries as pharmaceuticals, chemicals, electronics, electrical engineering and financial services, many of which have no parallel elsewhere.
- 5) Wider Share Ownership**
Tax concessions and pension schemes in many countries encourage wider share ownership and persuade companies to turn to the equity markets for finance, resulting in a flow of funds into the investment markets.

Major US institutions are continuing to diversify their portfolios internationally.

The New European Equity Fund

The objective of the Hill Samuel European Equity Fund is to achieve long term capital growth through investment in European equity markets. All income is reinvested to build up the asset value of the shares.

The assets of the Fund will be invested in the stock markets of continental Europe. Purchases may also be made in the United Kingdom when appropriate. The general policy of the Fund will be to hold equities and bonds convertible into equities of continental European companies, but fixed interest securities and cash may also be held.

The Managers of the Fund are Hill Samuel Fund Managers (Jersey) Limited. The Investment Advisers are Bank von Ernst & Cie AG, Bern, Switzerland. Both these companies are members of Hill Samuel Investment Management International SA, the overseas investment arm of Hill Samuel Group which currently has in excess of US \$8,000 million of investments under advice and management.

The Fund's daily dealing price will be shown in the Financial Times. The price of shares will be denominated in D Marks.

NEW—Hill Samuel European Equity Fund Limited

To Hill Samuel Investment Management International, 7 Bond Street, St Helier, Jersey

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low	Start	Dis	Vol	PG	Siz. 100	High Low	Close	Dist	Flows
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(Continued from Page 8)

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NEW HIGHS 12

[illegible]

NEW LOWS 11			
Bon-Tex Co. Missionary Smith Int'l	Cambridge of Pittsfield Sunshine	Fidelity Ind Pace Prod Waco Co. of	Inesco Oil Roberts Int'l

KEEP UP TO DATE WITH
BUSINESS PEOPLE
APPEARING EACH WEDNESDAY
AND FRIDAY IN THE IHT

NASDAQ National Market Prices

	<i>July 1</i>
Saint Is.	Mari

[illegible][illegible]

Protein	Ref	High	Low	2 P.A. Cyt	Ref
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(Continued on Page 11)

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere
Via The Associated Press

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LOS ANGELES — After years of lobbying by the petroleum industry, the Reagan administration has quietly proposed a broadening of the national relief granted to oil companies in the event of an energy crisis.

The proposed policy to include commercial oil trades in the exemption permitted under the Energy Policy and Conservation Act of 1973 has angered some members of Congress as well as some federal regulators. The proposal still requires final approval by top administration officials.

At stake are issues that pit the nation's ability to provide emergency oil supplies to friendly nations against the checks and balances to protect consumers from price-gouging.

Those who favor broadening the exemption say the change is necessary to insure cooperation of oil companies in an emergency. Those who oppose it say it would, in the words of a federal lawsuit lawyer, "give the oil industry carte blanche to gouge the market."

After a report critical of the draft proposal was released last week by the General Accounting Office, Senator Howard M. Hefner, Democrat of Ohio, denounced the plan as one that would transform a 1975 law into "the energy price-fixing and cartel act."

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330	5,00-6,50	13,25-14,75	20,00-21,50
300	2,50-4,00	9,75-11,25	16,00-17,50
250	1,25-2,00	7,00-8,50	12,25-14,25
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Small Dairymen Fear U.S. Price Cuts

Lower Milk Supports Could Ruin Family Farms

By Steven Greenhouse
New York Times Service

LAKE MILLS, Wisconsin — Gary Magnusson, never a shirker, starts milking cows at 5 A.M. and stops milking at 5 P.M. Yet he frets that long hours and hard work may not be enough to hold onto his dairy farm.

Mr. Magnusson — who has 50 cows, one fewer than the average for the 175,000 dairy farms in the United States — fears that declining milk prices and lower dairy price supports will rob him of his farm. The Reagan administration, inspired by a free-market philosophy and appalled by the cost of price supports, is pushing hard to slash this subsidy for dairy farmers.

"The administration's proposal will drive a lot of farmers under," Mr. Magnusson predicted. "And I'll go right with them." His 347-acre (140.3-hectare) farm is in the south central part of Wisconsin, the leading U.S. dairy state.

At the moment, Mr. Magnusson and other dairy farmers have more than one worry. First, the federal government cut price supports on Monday by 50 cents per hundred pounds (45 kilograms) of milk — a move that will reduce each U.S. dairy farmer's income by thousands of dollars a year. And he is worried that the farm bill being heavily debated in Washington may lower price supports even further.

Many experts say that Mr. Magnusson's worries are well founded. They predict that the price drop and a new farm bill would accelerate the steady erosion in the number of family dairy farms. Indeed, some economists forecast, one out of six dairy farmers will be forced out of business by 1990.

Replacing them, the dairy experts say, will be an increasing number of huge dairy farms — "farm factories," as they are called, that often have sophisticated managements and more than 1,000 cows.

The farm bill may also change the character of entire regions. It could speed the industry's slow but persistent shift away from family-sized farms in the Middle West and Northeast to California and Southwestern states, where farms with 2,000 cows are not uncommon.

The administration's proposal is intended to reduce government intervention in agriculture and slash the government spending that supports dairy prices. Opposing it is the National Milk Producers' Federation, which asserts that generous price supports are needed to stabilize the price and supply of milk and to preserve the family farm.

The federation, which represents 120,000 dairy farmers, is lobbying hard against the administration's proposal. Many Washington people predict a tough battle in Congress, but also predict that the powerful federation will win legislation far more to its liking.

In his big, red 100-year-old barn, Mr. Magnusson, a 46-year-old descendant of Norwegian immigrants, milks his 50 cows twice daily. Each cow produces about 34 pounds, or 16 quarts, a day — about 13,000 pounds a year.

The Magnusson herd produces milk extra-high in protein, which Mr. Magnusson sells to a specialty cheese manufacturer, rather than to a dairy cooperative. The buyer pays a premium, but even with that, Mr. Magnusson said, a decline in dairy price supports could put him out of business.

cause he is carrying over \$300,000 in debt.

"I'm one of those operators with a lot of borrowed money," said Mr. Magnusson, who bought his farm in 1978. "We're just hanging on."

Indeed, Professor Robert A. Cropp, a dairy marketing specialist at the University of Wisconsin in Platteville, said, so many dairy farmers were just hanging on that 30 percent of them could disappear by 1995. "A large number of small farms will go out of existence, and the average farm size will go up," Mr. Cropp said.

Mr. Cropp said, "If the dairy bill drops the support price substantially, then the number of dairy farms, especially small ones, would decline much more rapidly."

Andrew M. Novakovic, a professor of agricultural economics at Cornell University, said a drop in dairy price supports would likely hurt small and medium-sized farms more than large ones because larger farms can usually produce milk more cheaply.

"Dairy farmers," Mr. Novakovic said, "are seeing that it helps to have more cows because that enables them to generate enough income to hire labor. This in turn allows them to focus more on managing their farms." Cows are far more productive when farmers can focus on scientific breeding and feeding techniques.

In proposing to lower dairy price supports and eliminate them by the end of the decade, the Reagan administration has made clear that it thinks current dairy legislation has given the United States more dairy farmers and milk cows than it needs.

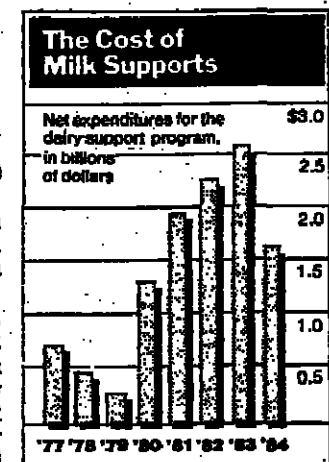
Under that legislation, which expires Oct. 1, the federal price support level until Monday was \$12.10 a hundred pounds of milk — meaning that the federal government bought enough cheese and other milk products to make sure that dairy prices remained at or above \$12.10 for the farmer. This meant the farmer received 12.1 cents a pound of milk, or about 26 cents a quart.

In the fiscal year ended last Sept. 30, the government spent \$1.6 billion to remove the equivalent of 10.4 billion pounds of milk from the market. Much of what it buys goes to the military, but Washington also gives much away as cheese.

On Monday, the support dropped to \$11.60, and agricultural economists say the administration's farm bill would likely result in a support as much as \$2 below that.

In dairy, as in other farming, John R. Black, the secretary of agriculture, is trying to reduce federal intervention and let the free market determine price and supply.

"We need to move the price support level down to a point where



supply and demand will come into balance," said Floyd D. Gaibler, a special assistant to Mr. Black.

In the view of Mr. Gaibler and many agricultural economists, the surplus problem began in 1977, when dairy lobbyists — always generous campaign contributors — helped persuade Congress to increase dairy price supports to high levels. "As a result," Mr. Gaibler said, "more resources were put into dairy production, not only from within the dairy industry but from outside agriculture. You would see newspaper advertisements by conglomerates that had dairy cows to lease. It encouraged excess resources in the industry."

What also happened was that as corn and soybean farmers and cattle ranchers fell into crisis in recent years, many turned to dairy farming, which, thanks to the price supports, was more lucrative.

The number of cows, which had dropped steadily from 25 million in 1940, started rising again. It jumped from 10.7 million in 1979 to 11.1 million in 1983. That rise, together with greater productivity per cow, pushed the U.S. dairy surplus up dramatically — from 1.1 billion pounds in 1979 to 10.4 billion pounds last year. That surplus was 3 percent of the 137.4 billion pounds of milk produced across the United States last year. The 1984 surplus, big as it was, was actually smaller than the 16.6 billion pounds the year before. The decline reflected a 2.5-percent increase in consumption and a drop in production caused by a farmer-supported diversion program that paid people to take their dairy cows out of production.

"There's a need to get the dairy surplus problem under control," Mr. Gaibler said. "It's costing the taxpayers several billion in outlays."

Mr. Gaibler said an unforeseen result of the 1977 changes in the price support program was that federal dairy spending swelled to \$2.6 billion in 1983, before sliding to \$1.6 billion last year. He also criticized the dairy program for helping the least efficient dairy farmers survive.

Suits Under Racketeer Law Upheld

The Associated Press

WASHINGTON — The U.S. Supreme Court on Monday upheld a right to file private lawsuits under the Racketeer Influenced and Corrupt Organizations Act, a law aimed at "eradication of organized crime in the United States."

It is not unusual these days to find at least one "RICO" claim in lawsuits involving business disputes. The stigma attached to being linked in documents to alleged racketeering has proved to be powerful leverage for out-of-court settlements.

The court, which upheld the right in a 5-4 vote, had been urged by numerous business organizations to narrow the scope of the federal law.

The law bans "any person employed or associated with any enterprise" to participate in a pattern of racketeering activity. "Pattern of racketeering" amounts to two or more acts from a long list of crimes that include violating certain state laws, federal securities laws and federal mail-fraud and wire-fraud laws.

The law allows people injured by criminal violations of RICO to sue — and collect triple damages and lawyer fees if they win.

The civil provisions of RICO were little noticed for a decade after the law was passed in 1970. But in recent years, lawyers have used its broad language to create what one court has called "an explosion of civil RICO litigation."

In three decisions last year, the 2d U.S. Circuit Court of Appeals said, "The uses to which private civil RICO has been put have been extraordinary, if not outrageous."

It added, "The law has led to claims against such respected and legitimate 'enterprises' as the American Express Co., E.F. Hutton & Co., Lloyd's of London, Bear Stearns & Co., and Merrill Lynch, to name a few defendants labeled as 'racketeers' in civil RICO claims."

The appeals court imposed on RICO civil suits two limitations: No RICO civil suit may be filed against someone who has not been criminally convicted, and those who sue under the RICO civil provisions must show a "racketeering injury" in addition to showing they were victims of a specific crime, such as fraud.

On Monday, the Supreme Court overturned the 2d Circuit Court ruling.

Writing for the court, Justice Byron R. White acknowledged that

civil lawsuits filed under the law seemed to make legitimate businesses the prime targets. If that is not what Congress intended in the law, he said, "its correction must lie with Congress."

He said that nothing in the law or its legislative history suggests that the two limitations imposed by the appeals court were intended by Congress.

Joining Justice White were Chief Justice Warren E. Burger and Justices William H. Rehnquist, John Paul Stevens and Sandra Day O'Connor.

Justices Thurgood Marshall, William J. Brennan, Harry A. Blackmun and Lewis F. Powell dissented.

The lead case used by the Supreme Court involved a lawsuit filed by Sedima, a Belgian corporation, against Imrex Co. of New York over alleged fraud in a joint venture to provide electronic components for a North Atlantic Treaty Organization subcontractor.

The lawsuit was filed by commercial borrower who said they were defrauded in the bank's calculation of the prime rate they were to be charged.

Surpluses Dim Futures Trade

(Continued from Page 7)

ham Lambert, Chicago, finds little to cheer in his markets. "Genetic engineering is producing heavier and leaner cattle and hogs, while consumers continue to favor poultry," he said.

The same gloom pervades the precious and base metals futures markets, where Bette Raptopoulos, Prudential-Bache Securities metals expert, also finds output far exceeding demand.

She noted that last Thursday, the stocks of silver, an industrial as well as a speculative investment, were at a record 132.9 million ounces on New York's Commodity Exchange. "This tells us," she said, "that dealers can't find buyers and are registering their inventories with the Comex in order to sell futures against them as a means of picking up some of the cost of financing their metal."

Copper, once the bellwether industrial metal, is also going begging, she said, as supplies from the poorer lands are far above demand from a shrinking U.S. domestic industrial base.

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ART BUCHWALD

Angst at Wimbledon

WASHINGTON — Charlton Heston told The Daily Mail in London last week that he would not sit in the royal box at Wimbledon this year because he was afraid that John McEnroe might embarrass him. "I do not want to sit... and risk the embarrassment, as an American, of seeing an American disgrace his country."

I know exactly what Chuck is talking about. I've turned down invitations to sit in the royal box for several years because I was afraid McEnroe might do something to make me terribly ashamed.

It was a great sacrifice for me, because that's the only place I enjoy watching the matches on center court.

I recall the last time I sat there. I was squeezed between Queen Elizabeth and Prince Philip. Seated in front of me were Lady Diana and Prince Charles and Princess Anne. Behind me were the Duke and Duchess of Kent.

We were laughing and joking, as one always does in the royal box, when McEnroe came on the court. I stiffened measurably as McEnroe gave the drinking fountain a good kick. It was going to be a long afternoon.

No sooner had play commenced when John complained that the ball boys had not retrieved his tennis balls fast enough. The queen turned to me and said, "A fellow countryman?" I smiled weakly. "Not really, Your Majesty. He's from Long Island."

A few points later McEnroe grabbed a photographer's hat and poured Schweppes tonic all over it. It was either the Duke of Kent or Prince Philip who said, "The chap has a lot of spunk."

I wanted to crawl under my chair.

With the set 6-all and a key point at stake, McEnroe launched into a vicious verbal assault on a lady linesman at our end of the court. He used words never uttered at Buckingham Palace.

Red-faced, I turned to Queen Elizabeth and said, "Do you want me to leave?" She smiled and patted my hand gently. "You can't be responsible for what another American player does. I recall when you played Wimbledon. Your manners were impeccable."

"I was representing my country. In those days we left the line calls to the officials."

We were into the second set when McEnroe approached the umpire's chair and started what could charitably be described at Wimbledon as a "heated discussion."

Lady Di put her hands over her ears as Prince Charles tried to console her. "It's going to be all right, my dear. The man is just trying to psych himself up."

Then Prince Charles turned to me and said apologetically, "I don't know why women insist on coming to Wimbledon when they know tennis, as played by Americans, is a very bloody sport."

The queen said to me, "Would you care for some tea?" "I was sitting inside," Lemon and one lump of sugar, please."

The Duke of Kent squeezed my shoulder. "I once knew a Yank who destroyed his metal locker with his racket. Except for that he was quite a relaxed player."

It was toward the end of the match that McEnroe, having double-faulted three times in a row, started to deliberately smash balls at our box.

This was too much for me, and as the royal family ducked under their seats, I left the box in shame and disgust, never to return again.

Chuck, you can take it from somebody who has been there. Even if you now have a lousy seat, you did the right thing.

For Guitars, the Shape of the Future

By Bob Baker

Los Angeles Times Service

SANTA MONICA, California

— Hoyt Axton, the prototypical big-bellied, hard-living country-western singer, leaned over a small workbench and eyed Danny Ferrington, who is a half-foot shorter and a hundred pounds lighter.

"You know," Axton said in his deep, slow Oklahoma way, "you're the most expensive male friend I've got."

Ferrington laughed. He can afford to. People like Axton pay him thousands of dollars to do what he has always dreamed of doing.

There he sits inside a second-floor loft in an industrial section of Santa Monica, a Los Angeles suburb, burying himself in an intimate dialogue with slabs of spruce and rosewood.

Ferrington, an enthusiastic, irreverent man who says his goal is to be the Calvin Klein of guitars, is establishing himself as designer for some of the more adventurous stars of rock and country music. For \$2,000 to \$3,000, he crafts instruments whose design shatters the mold of centuries.

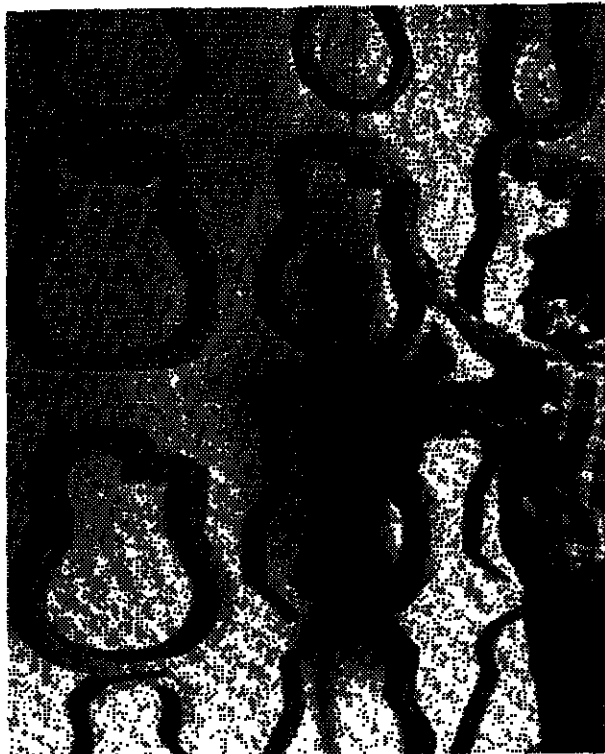
Traditional, comfortable curves are replaced by jarring angles and unexpected twists. The color may be determined by something as whimsical as a singer's favorite lipstick. The wood may be chiseled, lacquered and painted to resemble the jagged frame of the acoustic guitar's bitter rival, the electric guitar.

The elaborate mother-of-pearl trim that Ferrington cuts with a jeweler's saw and lays into the wood may duplicate the heart-and-crossbones tattoo on one star's arm or highlight memorable dates in another's life.

Or, as in the case of a guitar Ferrington built for Axton in 1979 in Nashville, even more esoteric combinations may arise.

Axton wanted the neck of his guitar to be lined with a "tree of life" design he had seen on a piece of the-century folk guitar. ("I love that fancy stuff that glitters.") Using mother-of-pearl and abalone, Ferrington fashioned 16 angels and assorted other figures.

Axton also wanted a buffalo at the base of the instrument. Not just any buffalo, but, as he put it,



Danny Ferrington with individualized guitar frames.

"an anatomically correct albino buffalo."

The buffalo must have had deep symbolic meaning, Axton came from Lake Tahoe, Nevada, to see Ferrington.

"Well, it did at the time," Axton said. "I can't remember what it was."

Ferrington, 32, the son of a Louisiana cabinet-shop owner, grew up enamored of woodwork and guitars, spent five years refining his trade in a well-known Nashville guitar repair shop and then to Los Angeles in 1980 to open his own business.

Long before he arrived, he had grown bored with the look of the acoustic guitar. He wanted to tinker with its symmetry and its bland blandness. He wanted to make weird shapes.

The craft of the guitar has sort of been frozen," he said. "It just doesn't seem that there've been acoustic guitars that are keeping up with the fashions and the trends."

His workshop is part of the

he first met in Nashville, but he described her as "my roommate — period."

In a high-voiced twang he gossiped knowledgeably about rock and country performers, talked like an electronic engineer discussing the subtleties of "equalizing" an acoustic bass guitar in a recording studio, and waxed dreamily about one day licensing his various designs for mass production.

"Beyond making money, I would love to see kids going down to the store and seeing these guitars on the shelves," he said. "It's just like clothes. If there was only a tweed coat you had to pick from, it'd be very boring."

"The Martin," he said, referring to the brand regarded as the classic of acoustic guitars, "is a wonderful guitar, but I see it more like a lute."

The construction and design process takes about four weeks. Ferrington confers with clients and traces a frame that fits the buyer's technical desires and fashion preferences, hoping to capture the essence of the performer.

"It's exciting to sit down with someone and not know what you're gonna come up with, a completely unique instrument that never existed before. When you confront a guitar player, they all have ideas, but they're hesitant about asking me, 'Cause they think I'm gonna laugh at them.'"

"I've played so many guitars and listened to so many guitar players — that's where I've learned so much from, trying to poke in there and get certain adjectives from them, about what kind of sound they're trying to get, trying to get them to impart a little bit of what they know."

Developing the critical relationships that determine the instrument's quality and tone — the thickness of the sides, the thickness of the top, the dimensions of the braces — is largely intuitive, Ferrington said.

"That's just where good sculpture and good art come together. It's one of those things like walking, where you don't think about it. You develop certain instincts. You couldn't tell Willem de Kooning where to put a big blue swipe. He just puts it there."

Ferrington shares a house with the singer Linda Ronstadt, whom

PEOPLE

Von Karajan at Vatican

Herbert von Karajan, the Vienna Philharmonic and two choirs joined Pope John Paul II in a performance of Mozart's "Coronation Mass" in St. Peter's Basilica to mark the Feast of St. Peter and Paul. Vatican sources said it was the first time in memory that musicians of such renown had joined with a pope in celebrating Mass at St. Peter's. The 77-year-old Austrian conductor, music director of the Berlin Philharmonic, suggested the musical Mass to the pope during John Paul's visit to Austria in September 1983. Joining the Vienna Philharmonic were the American soprano Kathleen Battle, the West German mezzo-soprano Trude Lisch, the Swedish tenor Costa Winberg, the Italian bass Ferruccio Furlanetto, the orchestra's choir and the Sistine Chapel Choir. Those attending the service included the Fiat auto magnate Gianni Agnelli, the fashion designer Valentino and the Aga Khan.

A 17-year-old American debutante was removed from a European tour after she threw a glass of champagne in the face of Austria's Prince Willy von Thurn und Taxis in Vienna and called him a "swine." Chama Lewis, a member of the National Debutante Society from Washington, was angered because her mother, Susan, had been banned from a ball by the prince, who is the Austrian organizer of Debutante Holidays Abroad. The prince said he had banned Lewis's mother because "she complained Anna Leonowens in the 1951 production with Brynner. The actor, who will be 68 on July 11, was battling lung cancer when he took on the role again in a national tour that began in February 1981. He has said he will now retire to his chateau in France.

Fire fighters have to rescue people from a lot of tight spots: Liz Vilgason, 26, of San Jose, California, was trying on a pair of designer jeans when the zipper snagged. After a long struggle, she called the fire department. A department spokesman said Captain Bob Edwards grabbed a pair of surgical scissors and responded with two other fire fighters. It took him 20 minutes to remove the zipper, tooth by tooth.

Diana, Princess of Wales, turned 24 Monday and found herself in a public controversy over an expensive ring that she didn't get from Prince Charles. The gold ring, encrusted with diamonds, is worth \$10,000 (\$13,000) according to the

newspaper The Mirror and \$5,000 according to the rival Daily Mail. The tabloids said that while Charles was playing polo at Windsor, the ring was presented to his wife there by Louis Gernot, 62, a jeweler with businesses in London, Paris and Geneva, who sponsored the polo match. Diana's acceptance may have broken Buckingham Palace protocol. The Mirror reported.

The weekly magazine Paris Match says the Greek shipping heiress Christina Ousissi and her husband, the French businessman Thierry Roussel, met with his reporters at their Swiss country home to deny rumors of a breakup. For hours later, according to the magazine, Roussel announced his intention to seek a divorce. The couple were married in March 1984, and last January they had a daughter, Athena. The singer Marie Osmond has announced that she is ending her three-year marriage to Steven Craig. They have a 2-year-old son, Steven.

Yut Brynner brought down the curtain in New York on Sunday night on his reign as the king of Siam after more than 4,600 career performances in "The King and I," ending a revival that broke attendance and box office records. The musical was written by Richard Rodgers and Oscar Hammerstein II for Gertrude Lawrence, who originated the role of the British teacher Anna Leonowens in the 1951 production with Brynner. The actor, who will be 68 on July 11, was battling lung cancer when he took on the role again in a national tour that began in February 1981. He has said he will now retire to his chateau in France.

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